

FINANCIAL TIMES

GULF CEASEFIRE
Peace alters the
Mideast chessboard
Page 4

No.30,618

Wednesday August 17 1988

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World News

Lawyer says
Mandela
suffers from
tuberculosis

A lawyer acting for the family of Nelson Mandela said he believed the jailed South African black nationalist leader to be suffering from tuberculosis.

Lebanese candidate
Syrian-backed former President Suleiman Franjeh declared his candidacy for Thursday's parliamentary poll to choose a successor to Lebanese President Amin Gemayel.

N Korea 'no' to IOC
North Korea rejected proposals by the International Olympic Committee on its participation in the forthcoming Seoul games, saying the matter would be resolved in talks between parliamentarians of North and South.

Pacific peace talks
Representatives of the native Kanaks and French settlers in New Caledonia start talks today in Paris aimed at restoring peace to the French-ruled Pacific islands. Background, Page 2

Hangoon stays tense
The Burmese capital was quiet but troops were out in force to prevent a repetition of the rioting which overthrew President Sein Lwin last Friday. The ruling party meets this Friday to choose a new leader.

Egypt backs PLO
The Palestine Liberation Organisation said it had Egypt's backing to declare government-in-exile for the Israeli-occupied territories, following Jordan's severing of ties with the West Bank.

Uganda rebel toll
At least 272 rebels of Uganda's Holy Spirit rebel movement and 80 government troops have been killed in a series of clashes since the beginning of August, according to the state-owned daily New Vision.

Soviet pilot free
A Soviet pilot shot down on August 4, 22km inside the border from Afghanistan, was handed over to his embassy in Islamabad in what the Pakistani Foreign Secretary described as a token of goodwill. Withdrawal from Afghanistan, Page 2

Polish miners strike
Production stopped at the Manfist Lipowice coal mine near Katowice, southern Poland, where more than 4,000 workers began an occupation strike demanding recognition of the outlawed Solidarity trade union. Page 2

Spanish gun-battle
A policeman was wounded in an exchange in first suspected members of the Grapo (October 1st Anti-Fascist Resistance Group) guerrilla group near Oviedo in northern Spain.

Italian waste sale
The last of a batch of toxic waste dumped at Koko in Nigeria left for Italy on board a West German container vessel.

Business Summary

Hanson sells
Kidde unit
in \$254m
cash deal

HANSON, UK conglomerate, sold its US-based Kidde Fire Protection businesses to Pilgrim House, the electronics group formerly known as RHP, in a \$254m cash deal. This is Hanson's largest disposal from Kidde so far and brings the total raised from this source to just under \$302m. Page 15

AUSTRIA'S Labor Government, in its first significant move towards privatising state assets, committed itself to floating 30 per cent of the Austrian Industry Development Corporation. Page 15

MATIF, France's main financial futures market, opens dealings in a new stock index future today. Page 18

ZINC prices rose again on the London Metal Exchange yesterday due to concern about the

HUSKY OIL, jointly owned by Mr Li Ka-shing, the Hong Kong entrepreneur, and Calgary's Nova Corporation, plans to buy 80 per cent of the American all shares of Centerra Energy. It does not already own. Page 16

GOLD FIELDS of South Africa, mining group controlled by Consolidated Gold Fields of the UK, increased its investment income in the year to June 30, but suffered a pre-tax profit decline. Page 18

NMB BANK, third largest commercial bank in the Netherlands, lifted net income by 38 per cent in the first half on higher revenues. Page 16

DE BEERS, South African diamond company, more than doubled interim diamond profits through increased sales and favourable exchange rate movements. Page 18

SHUI ON, Hong Kong construction, property and hotels group, plans to spin off its construction arm into a separate listed company, to be known as Shui On (Contractors) Limited with assets of around HK\$230m. Page 19

BOUGAINVILLE Copper, Papua New Guinea-based subsidiary of CRA, the Australian resources group, has shown a powerful profits surge on firmer copper and strong gold prices. Page 18

HARRIS, Florida-based communications equipment maker, has agreed to buy most of the semiconductor operations of General Electric of the US. Page 17

NORANDA, Canada's leading resource group, has bought 8.7m shares, or 10 per cent, of Falconbridge, the Western world's second largest nickel producer, for nearly C\$200m (US\$166m). Page 17

End of Gulf war brings no respite from violence

By Edward Mortimer in Tehran
THE END of the Iran-Iraq war has brought no respite from internal political violence in either country. On the contrary, Iraq is taking advantage of its new-found military strength to intensify operations of a virtually genocidal nature against its own Kurdish population.

Kurdish villages - 80 per cent of all villages in Iraqi Kurdistan - have been levelled by bulldozers in the past two years, leaving 800,000 people homeless. Of these, 150,000 have been deported to camps in the desert areas of southern Iraq where they have been segregated into age groups.

July 18 this year. The most recent chemical attack was on August 2 against the villages of Ari, Siro and Zera, all in Arbil province. In each case documents and photographs had been sent to the UN and other relevant international bodies.

US trade deficit leaps to \$12.5bn as imports surge and exports fall

By Anthony Harris in Washington
A SURGE in imports to a record \$39.5bn and a small fall in exports combined to produce a sharp rise in the US trade deficit in June to \$12.5bn, the US Department of Commerce announced yesterday.

however, prices had recovered to stand as much as 1/2 point lower. Equities rallied after a small initial decline. There was a rumour that the trade figure had been leaked in Tokyo and that the markets were therefore prepared. But economists attributed the resilience mostly to the fact that both bond and equity markets had fallen sharply in recent days and were looking cheap.

Bush delays naming running mate

By Stewart Fleming in New Orleans
MR George Bush, US Vice-President and the certain Republican Party candidate for the November Presidential elections, said yesterday that he has decided on his vice-presidential running mate, but refused to disclose who he had chosen.



US President Ronald Reagan reaches for some of the balloons released yesterday at the Republican Convention in New Orleans

Japan growth 'fuels inflation'

By Stefan Wagstyl in Tokyo
FEARS that the rapid growth of the Japanese economy might be fuelling inflation were reinforced yesterday by the publication of figures showing industrial output, prices and the money supply.

of the dollar against the yen might give the central bank some room for manoeuvre. It might choose to tighten money supply slightly next month when a wider range of economic data will be available, including GNP figures for the second quarter of 1988.

MARKETS
Coffee: Standard position futures 5 per tonne...
STERLING: New York launchtime \$1.7155 (1.71475)...
DOLLAR: New York launchtime DM1.8775 (1.88)...
INTEREST RATES: US launchtime Federal Funds 9 1/2 (9 1/2)...

CONTENTS
France's problems in the Pacific will not go away...
Management Research is seen to make a profit at BP...
Technology: France's Minitel service leaves its fact status behind...
Editorial comments: Pleadings for the UK; The weakness at Europe's centre...
Soviet: Unless Crime is increasing and becoming harder to define...
UK Health Services: Finding ways to nurse the NHS back to recovery...
Lux Markets: De Beers; Pilgrim; Racal...
Netherlands: Vindex patriarch holds tight rein over his retailing giant...
Financial Futures...
Observer...
Raw Materials...
Stock Markets...
Wall Street...
London...
Technology...
Unit Traders...
Weather...
World Index...

CENTEX CORPORATION
US\$100,000,000
Euro Commercial Paper Programme
Arranged by COUNTY NATWEST SOCIÉTÉ GÉNÉRALE
Dealers: County NatWest Limited, Société Générale, Shearson Lehman Hutton International, Inc.
Issue and Paying Agent: National Westminster Bank PLC

EUROPEAN NEWS

Tax chaos brings Danish MPs back from holiday

By Hilary Barnes in Copenhagen

DENMARK'S parliamentarians were recalled from their summer holiday for a one-day session yesterday as a result of a summer revolt by the country's hard-pressed taxpayers.

January the date by which the tax has to be paid. This requires a parliamentary amendment to the tax legislation, and was duly rushed through all three readings yesterday.

attractive to borrow and more attractive to save. How desirable this was underlined yesterday by the publication of first half figures for the current account of the balance of payments.

huge media campaign (since the Folketing went on holiday at the end of June there has been little other domestic news to distract the media's attention).

research group with a talent for witty social comment, is to be believed. It argues that perennially weak minority governments, bounced about by a Folketing divided over the past 15 years into eight or 10 parties, is an easy prey for vicious pressure groups and media campaigns.

face a serious economic and social crisis in the mid-1990s, marked by high unemployment and precipitated by the necessity of dealing with the foreign debt problem.

Fighting rules out faster Soviet exit from Afghanistan

By John Lloyd in Moscow

THE Soviet Union's 60,000 remaining troops in Afghanistan are likely to stay until near the end of the year because of increased rebel activity and continued intervention by Pakistan, according to Soviet authorities yesterday.

point to possible pressure on President Zia ul-Haq of Pakistan, whose apparent violation of the accords the Soviet authorities continue to see as a major obstacle to the firm of efforts to stabilise Pakistan.

The Tass news agency reported continued fierce fighting for the regional capital of Kunduz, 60km south of the Soviet-Afghan border. This contrasts with claims by the Afghan Government earlier this week that its forces had retaken the town.

Tass yesterday described in great detail measures being taken by Pakistan to stop up the conflict. It said that 20-30 lorries with arms and ammunition travel daily from Peshawar to Nangarhar Province alone.

Mr Gennady Gerasimov, the foreign affairs spokesman, told journalists in Moscow yesterday that "the situation in Afghanistan... does not give grounds to accelerate the withdrawal of Soviet troops."

It quoted "some data" as pointing to the future arrival of a US transport aircraft in Karachi, with a "large shipment of heavy sophisticated weapons for detachments of the 'alliance of the seven (rebel) parties'."

He repeated warnings that his government "reserves the right to take whatever steps the situation requires" in face of continued Pakistani violation of the three-month-old Geneva accords aimed at ending the conflict.

Mr Gerasimov said that the remaining Soviet forces in Afghanistan would be primarily engaged in training, though they would respond if attacked.

Observers here believe the Soviet Union will not decide to cancel its intent to withdraw all forces by February 15, as specified in the accords. However, they believe there is substance in the warnings, and

Tass reported that 11 civilians had been killed in the past two days in rocket attacks on Kabul and in Jalalabad. It added that 10 rebels had been killed as a result of intensive fighting between the opposition groups.

Spanish air dispute set to spread

By Tom Burns in Madrid

A STRIKE called by Barcelona air traffic controllers for the end of this month looks as if it could escalate to involve a majority of domestic airports and deal a severe blow to Spain's tourist industry.

Mikulic proposes reforms paving way for a market economy in Yugoslavia

By Judy Dempsey in Ljubljana

A SPECIAL Yugoslav commission headed by Mr Branko Mikulic, the Prime Minister, is proposing a radical reform of companies - and of socialist ownership - which would allow Yugoslavs and foreigners to buy shares in them.

However, economists in the prosperous republic of Slovenia, considered the most advanced in economic thinking and the republic with the highest industrial productivity, say it will involve a considerable battle to push through these much-needed reforms.

The commission has only advisory status," says Mr Matjaž Škof, a member of the Mikulic Commission as well as the director of the highly successful Ljubljana-based Slovenske Javne podjetja company, one of the largest foreign trade enterprises in Yugoslavia.

THE DUTCH cabinet is expected to trim the country's top rate of value-added tax by 1 percentage point to 19 per cent when it meets today in an effort to settle the 1989 budget.

Dutch may lower VAT rate

By Laura Raun in Amsterdam

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Spanish air dispute set to spread

The Barcelona controllers, the most militant in Spain as well as the busiest, have served official notice to civil aviation authorities that they intend to strike on August 27 and 28 and also on September 3, the three days when bound-bound European tourist traffic will be at its height.

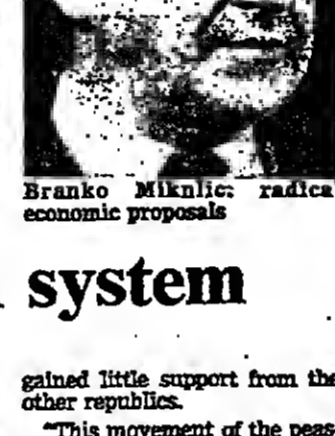
Slovenia seeks broader political system

By Judy Dempsey

RADICAL economic reforms, if they were implemented, could have far-reaching consequences on the political system in Yugoslavia. However, this would not mean an end to Communist rule, but would necessitate the development of a system which would tolerate many more diverse and independent political opinions.

Some 15 Slovenes are involved in the Mikulic Commission. And for them, one of the most important and radical proposals involves allowing private investors as well as state-run enterprises to buy shares in any enterprise and to be allowed to have a say in the running of it.

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Branko Mikulic: radical economic proposals

Some cabinet colleagues were a percentage point cut but the Finance Minister is worried about bad cost overruns in a recently scrapped investment subsidy scheme.

Their decision was yesterday formally backed by controllers in Alicante - the airport which serves the major charter flight resort of Benidorm in Valencia, and by others in the Basque country and in the Canary Islands. Support was also expected from controllers stationed at Madrid, Malaga and Mallorca.

given much freer rein to attract investment, to promote incentives and to shake out inefficient work habits and practices. However, economists in the prosperous republic of Slovenia, considered the most advanced in economic thinking and the republic with the highest industrial productivity, say it will involve a considerable battle to push through these much-needed reforms.

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Two months ago, the Barcelona controllers withdrew from ACECA and, in view of the support that their strike call was receiving from other controllers yesterday, a spokesman for ACECA said the union would remain neutral in the dispute.

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Using unusually tough language for a complex dispute, Mr Manuel Mederos, director-general for civil aviation, said he would insist on minimum services during the dispute and warned the Barcelona controllers that, as civil servants, they would have to face the consequences if they insisted on confrontation.

Such movements - for example, the Communist-backed Socialist Alliance of Working People of Yugoslavia (SAWPY), a broad-based popular front - are supposed to provide, at least on paper, such a platform.

Some cabinet colleagues were a percentage point cut but the Finance Minister is worried about bad cost overruns in a recently scrapped investment subsidy scheme.

Ferrari and Fiat to discuss future of family stake

By Tim Dickson in Brussels

THE FAMILY of the late Italian sports car builder Enzo Ferrari will have to talk soon about the future of Ferrari with Fiat, which holds a 50 per cent stake in the company, a Ferrari spokesman said yesterday, Reuters reports.

EC and East bloc states take another step closer

By Tim Dickson in Brussels

THE European Community announced yesterday that it had formally welcomed the recent request for official diplomatic relations made by five Eastern European countries, including the Soviet Union.

Polish workers occupy southern coal mine

By Tim Dickson in Brussels

POLISH coal-miners declared an occupation strike in the south of the country yesterday and several hundred miners sealed off the mine, a striking miner told Reuters in Warsaw.

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There is, however, evident pressure on Mr Mederos and his team to climb down, for the Government dreads adverse publicity to the tourist trade for the second year running even more than it fears leaping pay claims among civil servants and a loss of face to determined strikers.

At the end of June, barely two weeks after the French general election, Mr Michel Rocard, the new Socialist Prime Minister, appeared to have covered the first dramatic success of his administration, by personally negotiating the outlines of a new regime for New Caledonia, with the leaders of the two opposing communities, the pro-French Europeans or Caldoches, and the Melanesians or Kanaks who want independence.

As a result, low income earners could lose 1.5 per cent of their purchasing power if no compensation is found. Demands for wage rises are expected to grow if no tax relief is offered.

Tyrol explosion

AN explosion yesterday ruptured a high-pressure water line at a hydroelectric plant in Alto Adige (South Tyrol), flooding some houses and a state road, report AP.

Under an accord between the two companies, Fiat, which acquired its stake in Ferrari in 1969, is obliged to buy Enzo Ferrari's share should it be put up for sale.

The black economy is a growing worry. More than a third of all Dutchmen occasionally work for cash without paying taxes and premiums, according to a report published last week. The black market is estimated to be worth 71.5bn-71.4bn and shrives largely because of the heavy tax burden.

Police said that the explosion in the ethnically tense region neighbouring Austria was probably caused by a bomb planted by German-speaking extremists.

Yesterday's development is the latest sign of the pace at which economic and political ties are being developed between the EC and East bloc.

Corporate income taxes are to be lowered to 35 per cent from 43 per cent but the cut probably will be postponed to January 1, 1989, from October 1. Personal income taxes are to be reduced in 1990, with the top rate falling to 60 per cent

New Caledonians look for a better deal at eleventh hour

With a draft accord due for a referendum vote next month, the rival groups are still negotiating, writes Ian Davidson

DELEGATIONS from New Caledonia's opposing communities return to Paris this week for a fresh round of negotiations on a new draft law for the administration of the French Pacific territory. The draft is to be submitted to a national referendum scheduled for late next month.

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The accord allows for 12 months of direct rule from Paris, followed by a

new federal system of local government, tilted in favour of Kanak development, and a referendum on independence in 10 years' time.

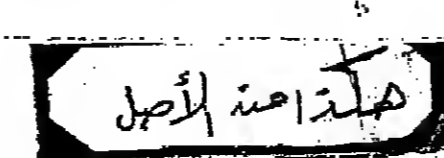
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Reagan passes torch and challenge to his loyal ally

By Stewart Fleming, US Editor, in New Orleans

PRESIDENT Ronald Reagan passed the torch of leadership of the Republican Party to his loyal Vice-President George Bush on Monday night.

on the evening her husband was nominated eight years ago. And from the moment Mr Reagan took his seat to the final perfectly composed camera shot of the President and his wife, their images shimmered magically as waves of glittering confetti poured down on their heads, playfully batting balloons into the crowd, the scene was "the Great Communicator's" last hurrah before the party faithful and the fanatic.

With a will Mr Reagan set about the task of painting a picture designed to reassure anxious Americans about the Republican party's capacity to lead the nation to the brink of a new century.

Eight years ago, when the Democrats were in office, was "a troubled time for our beloved country", a ramrod-straight Mr Reagan told his audience after they had raised the roof of the Superdome with a seven minute ovation when he appeared on the podium.

defeating applause, "in the 2,765 days of our Administration not one inch of ground has fallen to the Communists."

Peace through strength and prosperity via the free market, the twin foundations Mr Bush will build his campaign on, would carry more conviction had Mr Reagan's credibility not been compromised by the scandal of the secret arms deal to Iran and if Americans were still as anxious about their military security as they are about their economic security.

Mexicans discover the parliamentary bear garden

By David Gardner in Mexico City

THE spectacle of parliamentarianism has begun haunting the presidential state of Mexico, as the newly mighty opposition on Monday night transformed the inaugural session of the Congress elected last month into a vintage bear-garden.

With this in mind, the PRI's congressional leaders on Monday night tried to pack the key congressional juries, setting off a 15-hour row. The PRI cannot tolerate "political meetings in the legislature", party leader Gonzalo Martinez Corbala complained.

Cracks form in Reagan coalition

Lionel Barber on the Grand Old Party's emerging identity crisis

MORE THAN a few symptoms of an impending Republican identity crisis are emerging in New Orleans. It is not just the setting, though the steamy Bourbon Street bars advertising ladies' amateur wrestling sit oddly with the Grand Old Party's claims to moral leadership.

domestic programmes. But when asked about specific spending proposals such as education, health care, social security, AIDS research and the war on drugs, the vast majority advocated more spending.

minorities such as Hispanics and blacks have been allotted speaking time which precisely matches their percentage of the national population. Blacks have been given 13 per cent of the podium speaking time (though they only make up 3 per cent of the delegates).

opposition to a Palestinian state and a UN resolution saying that Zionism is racism. The problem is that Republicans are doing more than a passable imitation of the old Democratic Party through pandering to special interests.



Is there life for the Republicans after Nancy and Ronald Reagan?

Congress unearths a billion dollar bonus

By Nancy Dunne in Washington

IN THE WORDS generally attributed to Senator Everett McKinley Dirksen, a former Republican minority leader: "A billion here, and a billion there, and pretty soon you're talking about real money."

The slip-up occurred when the OMB miscalculated the rate of spending in a foreign military sales programme in August 1987, and such projections cannot be altered by more than 0.5 per cent. But many congressmen would dearly like to use that potential windfall.

for next year's spending (the error included) was \$144.2bn. That leaves little leeway for new programmes or for errors in underestimating costs.

might be spent. There is, as usual, a wide variety of schemes still to be funded next year including \$400m for the new Trade Bill and \$300m for hunger relief.

Hardline chief divides the Contras

Tim Coone analyses the split within the Nicaraguan Resistance

CONSPIRACY is in the air among the rival factions of the Nicaraguan Resistance, the US-backed Contras fighting the leftwing Sandinista government. Telephone lines are frequently cut, and leading figures take care to be interviewed discreetly.

The US is being urged to admit Contra rebels as refugees if the war ends. Center reports from Tegucigalpa. Thousands of Contras have poured into Honduras since Congress cut off military aid in February. Even the Contra leadership say prospects for a large-scale return to battle seem dim.



Enrique Bermudez: purged dissenting voice

respect and support of the campesinos in Nicaragua, not those living in Tegucigalpa, are now in charge of military operations. The southern front, which groups 2,000-3,000 men, has already split from the Nicaraguan Resistance following Col Bermudez's election.

De Beers

Interim Report for the half-year ended 30th June 1988

The following are the unaudited consolidated results for the half-year ended 30th June 1988 together with the comparative figures for the half-year ended 30th June 1987, and for the year ended 31st December 1987.

Table with 3 columns: Half-year ended 30.6.88, Half-year ended 30.6.87, Year ended 31.12.87. Rows include Diamond account, Investment income, Other interest, Net surplus on realization of fixed assets, Net surplus on realization of investments, etc.

Notes: (1) CSO sales for the first half of 1988 amounted to US \$2,202 million or R4 691 million compared with US \$1,560 million or R3 214 million for the corresponding period of 1987, and US \$1,515 million or R3 086 million for the second half of that year.

There was a 13.5 per cent average increase in the price of diamonds sold by the CSO effective from the May 1988.

Indications are that sales will continue to be satisfactory in the second half of the year.

(2) Attributable earnings excluding the share of retained profits of associates converted at the 30th June 1988 rate of R2.3170 (1987: R2.0483) amounted to US \$353 million (1987: US \$192 million). Including the share of retained profits of associates earnings were US \$543 million (1987: US \$288 million).

Comparative figures at 31st December 1987 were US \$536 million and US \$777 million respectively.

Dividend: On Tuesday, 16th August 1988, the directors of the Company declared interim dividend No. 137 on the 5 ordinary and deferred shares for the year ending 31st December 1988 as follows:

Table with 2 columns: Amount (South African Currency), 45 cents. Rows include Last day to register for dividend, Registers closed from, Ex-dividend on Johannesburg and London stock exchanges, Currency conversion date for sterling payments to shareholders, Dividend warrants posted, Payment date of dividend, Rate of non-resident shareholders' tax.

The full conditions relating to the dividend may be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

By order of the board: J. OGILVIE THOMPSON, N. F. OPPENHEIMER, Directors. 16th August 1988.

Head Office: 36 Stockdale Street, Kimberley, South Africa. London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ. Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051 Marshalltown 2107). Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL. De Beers Consolidated Mines Limited. Company Registration No. 11/00007/06 (Incorporated in the Republic of South Africa)

OVERSEAS NEWS

Franjeh bid to be Lebanon chief may spark feud

By Our Foreign Staff

THE announcement yesterday by Mr Sulaiman Franjeh, the Syrian-backed former Lebanese President, that he would contest the office again threatened to revive a blood feud that has been bubbling in Christian ranks since Mr Franjeh's son and heir was killed by rival Christian militiamen in 1978.

Mr Franjeh, 78, whose resignation in 1982 was followed by a blood feud that has been bubbling in Christian ranks since Mr Franjeh's son and heir was killed by rival Christian militiamen in 1978.



Saddam Hussein (above) and Hafez al-Assad (below) reconstruction is discounted



Gulf peace alters the Mideast chessboard

Tony Walker in London and Eric Silver in Jerusalem on new ambitions and tensions

WHEN, barring last-minute hitches, the guns fall silent on the Gulf War battlefield on August 20 under a UN-sponsored ceasefire, there will be little joy in Israel and Syria - the two powerful regional states which have benefited most from the protracted Iraq-Syria conflict.

The end, for the time being, of a long and bloody war that has drained the energies of the combatants, will, inevitably, contribute to new tensions and ambitions in the world's most volatile region, Iraq, spared the daily nightmare of having to fight for its very survival, will almost certainly seek a leadership role in the Arab world that its leader, Saddam Hussein, has long coveted.

Iraqis he is certain to have focused on Syrian attempts to impose its own settlement on Lebanon's warring factions.

With presidential elections pending in Lebanon, and much talk in the air about a Syrian candidate who would almost certainly be anathema to Christian hardliners, the Lebanese Forces would seem to have every reason to look to powerful regional friends for backing in its efforts to counter Damascus' ambitions.

Unless a new Arab-Israeli war breaks out spontaneously, military analysts see little prospect of an early renewal of a unified eastern front.

South Africa claims 14 Swapo guerrillas killed

By Anthony Robinson in Johannesburg

AS SENIOR military officers from Angola, Cuba and South Africa met south of the Namibian border yesterday to set up a joint military committee to monitor the Angolan ceasefire, Windhoek military headquarters said 14 South West Africa People's Organisation guerrillas had been killed in skirmishes over the last week.

South Korean opposition calls for resignation

By Maggie Ford in Seoul

OPPOSITION leaders yesterday demanded the resignation of a senior minister who last week recommended that the South Korean constitution be revised so that the President could dissolve the National Assembly.

Gandhi's popularity falls according to opinion poll

By David Housego in New Delhi

THE sinking popularity of Mr Rajiv Gandhi, the Indian Prime Minister, was underlined yesterday by a public opinion poll which indicated that he would be defeated in a general election if the Opposition remained united.

Khmer Rouge offers cuts

THE Khmer Rouge, the largest guerrilla group fighting Vietnamese troops in Kampuchea, has declared support for international guarantees to prevent it from attacking other groups after the war, AP reports from Bangkok.

Taiwan academics to visit Peking

TAIWAN is to allow a semi-official delegation of academics to attend, for the first time, an international conference in Peking next month.

Caricom mulls over slide in export volume

Caricome mulls over slide in export volume

British Airways places \$250m Boeing order

BRITISH AIRWAYS HAS placed a \$250m order with Boeing for a further two of the latest long-range 747 jumbo jets, the series 400.

India to build its first 'own car'

THE LARGE Indian industrial and engineering group, Tata, has designed and developed what it claims is the first Indian car to be made without foreign collaboration.

Caricom mulls over slide in export volume

THE LEADERS of the Caribbean Economic Community at their annual meeting in August last month, had mixed reactions to the performance of the group's trade.

French to launch Israeli satellite

ISRAEL HAS booked space with Arienne Espace, the privately-owned French satellite company, to send the country's first communications satellite into orbit in mid-1989.

Australia concerned at Western controls on military technology

AUSTRALIA is worried that Western controls to prevent the diversion of military sensitive technology are impairing its efforts to expand its sophisticated industrial exports.

Soviet Union shifts exports focus

ECONOMIC reforms are slowly helping the Soviet Union diversify its exports away from heavy reliance on petroleum, new statistics suggest, Reuters reports from Moscow.

Franco-Turkish deal wrapped up

A FRANCO-TURKISH financing package worth FF1,600m (\$265m) was signed this week after being delayed by a tussle between French banks and the Turkish treasury over drawdown terms.

Handwritten scribble at the bottom of the page.

Bond seeks approval to lift M&G stake

By Ray Bashford

BOND Corporation, the Australian company headed by Mr Alan Bond, has applied to the Department of Trade and Industry to lift its holding in M&G, Britain's largest unit trust group, beyond 15 per cent. Mr John Richardson, chief executive of Bond Corporation's UK and European operations, said yesterday that the company intended to take a "more meaningful" holding in M&G as part of the longer-term plan to build a UK-based financial services group. DTI approval to lift the holding above 15 per cent is needed because M&G controls two insurance companies. Mr Richardson's comments followed Bond Corporation's announcement that it had raised its holding to 13.06 per cent - up 1.04 per cent during the past month. The group has been increasing its stake since last December when it emerged as a holder of 7 per cent of M&G's capital. As a clear indication that the groups have been unable to reach an accommodation during recent discussions, Mr Paddy Linaker, the M&G managing director, said yesterday that he had made approaches to the Bank of England and the DTI as well as "discreet political lobbying" in preparation for an unwelcome bid. Mr Bond told M&G during discussions that he would like to take a 20 per cent holding in the company as a move towards the development of "friendly co-operation". However, Mr Linaker said he viewed the creation of such a holding with extreme concern. Mr Linaker repeated assurances that a takeover offer would be firmly rejected. "We are doing everything we can to protect the independence of the company and to ensure that it stays in safe hands. I believe we have the overwhelming support of shareholders." The Esme Fairbairn Charitable Trust, which holds 31.65 per cent of the capital, poses a formidable obstacle to any hostile action. Mr Linaker declined to discuss the response of the Bank of England or the DTI.

Insider inquiries prompted by anonymous call

By Clive Wolman

INVESTIGATIONS into an insider dealing ring which have led to the dismissal of four employees of financial institutions were prompted by an anonymous telephone call to the Stock Exchange surveillance department. The caller suggested that the Exchange should examine some of the share dealings of Mr David Gray, the equity salesman who was sacked last Friday by Morgan Grenfell on suspicion of insider dealing in the shares of Pleasurama on August 3. But the caller referred to a deal in the shares of another company, which was carried out in June or July. The Stock Exchange searched its data base of all transactions carried out over the past four years and discovered examples of where Mr Gray appeared to have been dealing in company shares in breach of the in-house rules of Morgan Grenfell. However, there were no records of any dealing in Pleasurama shares as Mr Gray had passed on the inside information to a friend, Mr Bill Higgins, a fund manager with Lezard, and to another contact, an employee of the Co-operative Insurance Society in Manchester. They both bought shares in Pleasurama on the day before

a takeover bid was announced by Mecca Leisure. Mr Higgins was sacked on Friday by Lezard and the CIS said yesterday that it had dismissed its employee. The Stock Exchange investigators then contacted Morgan Grenfell and began a lengthy process of transcribing the tape-recordings of all Mr Gray's conversations. The first evidence of insider dealing that they encountered were conversations that Mr Gray had on August 3 concerning the proposed bid for Pleasurama. Meanwhile, in the other insider dealing case to come to light last week it has emerged that Mr Russell Kean, the market-maker who was sacked by County NatWest WoodMac for dealing in the shares of Grand Metropolitan, received the inside information on which he dealt by overhearing a telephone conversation. A salesman who had just been told by Mr Scott Dobbin, a managing director of CNW, that GrandMet would be announcing shortly the proposed sale of its Inter-Continental Hotels, telephoned an analyst from a desk near Mr Kean's to ask him his opinion of the effect of the sale on the share price. When the conversation ended, however, she warned Mr Kean that the information was privileged.

Buoyant tax intake boosts Treasury

By Ralph Atkins, Economics Staff

BUOYANT TAX revenues meant the Government last month exceeded its forecast for repaying public sector debt for the whole financial year, the whole figures yesterday, according to figures released. The Treasury said the public sector borrowing requirement in July showed a net repayment of £1.7bn. This took the cumulative surplus for the first four months of the 1988-89 financial year to £3.2bn. The latest figures surprised analysts who had mostly forecast a far smaller surplus. Some are now forecasting that this year's surplus could reach £5bn or more, compared with £3.6bn in 1987-88. This would give scope for wide-ranging tax cuts in next year's budget. In March, Mr Nigel Lawson, Chancellor of the Exchequer, predicted a surplus for 1988-89 of £3bn. In July he admitted this would be exceeded. The July surplus largely reflected strong tax revenues. This was in spite of income tax cuts announced in the Budget which had the effect of reducing revenues from employers. On the expenditure side, central government spending was restrained. Supply expenditure, which gives the best indication of day-to-day spending, showed a small fall in July against June. However, the Treasury said it was difficult to make month-to-month comparisons because of erratic influences. The cumulative PSBR total to July includes privatisation receipts of £2.5bn. A further £2.2bn from the British Petroleum sale is due in August. This means that the Government's target of £5bn for privatisation receipts in 1988 will be greatly exceeded if it goes ahead with the privatisation of British Steel before the end of 1988 - as widely expected. The July PSBR figures include £300m from the European Community to repay excess contributions to the EC budget. The strength of the figures give further evidence of the buoyancy of the UK economy. High revenues reflect strong earnings growth and rising company profits.

Britain opens up the secret garden

David Thomas reports on historic changes in the education system

AN ANNOUNCEMENT yesterday of the Government's proposals to reform the teaching of maths and science for five- to 16-year-olds marks a clean break in the history of British education. Britain's schools, unlike many counterparts abroad, have been run on the principle that teachers are responsible for what is taught. They alone should tend the "secret garden" of the curriculum, as it was dubbed when dissatisfaction with UK schools mounted in the 1970s.

AGE	MATHS	SCIENCE
7	Estimate the number of bricks in a box. Use coins to make combinations of 5p.	Know simple properties of magnets. Understand 'hot' and 'cold' relative to human temperature.
11	Estimate that 1,472 - 383 is about 1,000. Recognise that 2/3 = 4/6 = 8/12.	Know that some materials pass electricity. Understand that energy can be stored and transferred.
14	Know that 278 - 39 is about 7. Solve x^2 + x = 5 using a calculator.	Know about dangers of electricity. Know that information can be stored in various ways.
16	Solve 3n + 4 < 17. Work out mentally 80 x 0.2.	Be able to compare analogue and digital communications. Know about the measurement of electrical energy.

targets; in science, 22 targets for 11- to 16-year-olds and 17 for seven- to 11-year-olds. These objectives are broad. An example of the maths target is: "recognise and use functions, formulae, equations and inequalities." A science target is: "pupils should develop their knowledge and understanding of electric and electromagnetic effects in simple circuits, electric devices and domestic appliances." Attainment levels: The flesh on these scanty bones comes from specifying pupils' attainment levels on a continuous 10-point scale. Every pupil will be assessed at ages seven, 11, 14 and 16 to see where they are on the scale. The balance between internal, teacher-administered and external tests, and the role of continuous assessment in calculating the levels has still to be worked out. But clear-cut tests of precise skills will be associated with each level. The reports go into considerable detail in two areas: the skills associated with each attainment level - examples for an average child are given in the table - and the study programmes needed to get children up to these attainment levels. Reports: The information generated by this battery of targets and tests will be given

to parents about their own children. Summary reports will also be published on schools, allowing comparisons between different schools in a neighbourhood. Progress against the attainment targets will be lumped together into discrete components with a maximum of six components per subject. The science working party proposed four components: knowledge and understanding, exploration and investigation, communication and science in action. Parents will be told their children's progress in the subject as a whole, in the components and possibly also against each attainment target. The published data for schools will be more broad, probably concentrating on the subject as a whole. Mr Baker gave the nod yesterday to the bulk of both working groups' conclusions. He accepted 12 of the proposed 15 attainment targets in maths; and 13 of the proposed 17 science targets for seven- to 11-year-olds and 16 of the 22 science targets for 11- to 16-year-olds. However, Mr Baker departed from several key recommendations - differences which mainly signal the Government's determination to make the national curriculum as precise as possible, breaking from

what they see as the educational establishment's chronic tendency to woolly thinking. The Education Secretary wants greater weight given to the targets aimed at teaching children precise knowledge. He also wants targets associated with more vague skills tightened up. These include competence in communicating scientific and mathematical knowledge and in the practical applications of the disciplines. Mr Baker is asking for some of these practical and diffuse areas to be combined with the factual attainment targets, so that, for instance, communication skills might be tested while testing factual knowledge. Both sides in this debate were yesterday resting their arguments largely on the needs of employers, even though there were very few people with a business background on the working groups. On one hand, employers want precise and unambiguous records of attainment; on the other, they are keenly interested in the vaguer areas, such as practical skills. One thing seems fairly certain, however. The final shape of the national curriculum will closely reflect Mr Baker's preoccupations. Having broken into the garden, the Government shows no sign of leaving.

Trade watchdog launches inquiry into steel prices

By Andrew Taylor, Construction Correspondent

AN INFORMAL investigation has been launched by the Office of Fair Trading into prices of reinforced steel used in construction. Contractors say prices this year have risen by nearly a third. Sir Gordon Bortle, Director General of Fair Trading, is also expected to bring proceedings against several ready-mixed concrete companies which he will claim have breached orders made by the Restrictive Practices Court.

The Building Employers' Confederation and the Federation of Civil Engineering Contractors, the two largest construction industry trade associations, are understood to have drawn the OFT's attention to price increases introduced this year by manufacturers of steel reinforcement. The OFT last week announced it had uncovered a nationwide web of price-fixing agreements involving 60 glass manufacturers, processors and distributors.

Employers count on better performance

ASK A group of businessmen what lies at the root of Britain's relatively poor economic showing since the war and most will put the country's education system near the top of their list, writes David Thomas. Maths and science are often identified as near the heart of Britain's educational malaise, with chronic skill shortages in technical subjects seen as major impediments to growth. Indeed, the maths working

party broadly confirms these perceptions by citing survey evidence that maths standards in Britain's schools have declined since the 1960s and are behind important competitors such as Japan and France. Visits by the working party to France, Japan, the Netherlands and West Germany yielded a similar picture - one of more formalised and sharper maths teaching abroad, with particularly high expectations of pupils in Japan, although

several countries are, like Britain, re-assessing how they approach maths. The Government has been keen to make the maths and science curriculum as sharp as possible. The maths and science proposals are also significant as signposts for the rest of the national curriculum. Concerns expressed by ministers about maths and science teaching are likely to surface during the preparation of other key components of the curriculum. The Government has been pushing against an open door in its proposals for a national curriculum, since most of the educational establishment has long supported the principle. It will be much looser, however, before the success of the national curriculum can be fully judged. Given the phased introduction of the curriculum, it will be into the next century before a whole generation of children will have been taught

Clowes allowed £1,000 a week expenses

By Ian Hamilton Fazey, Northern Correspondent

MR PETER CLOWES, former head of the Barlow Clowes investment empire which collapsed owing investors about £100m, is drawing £1,000 a week from his bank account to pay for living expenses. Mr Clowes handed over his personal assets over to Cork Gully, the Barlow Clowes liquidator, in June, including the bank account which contained just over £50,000. But he has been allowed to draw the money in exchange for co-operating with the liquidation. Mr Michael Jordan, senior partner of Cork Gully, said last night: "While £1,000 per week is something I personally find unpalatable bearing in

mind the plight of investors, commercially it is cost effective. I therefore reluctantly agreed to it for the time being." The £1,000 a week has been drawn since June 15, when Mr Clowes handed over his assets. This means that he has been entitled to draw about £8,000 so far. The money is for household expenses in the village of Prestbury, Cheshire - where he has a £350,000 home - life insurance premiums and personal spending. The sum is based on what was considered reasonable by the courts in 1983 in a case where a defendant in a civil case had his assets frozen.

Mr Jordan agreed to let Mr Clowes draw that much after taking legal advice. Had he not agreed, Mr Clowes might not have handed over his assets and could have been less co-operative. The liquidators would then have had to seek Mareva injunctions - a legal device to freeze assets and so prevent Mr Clowes disposing of them or putting them beyond reach of the liquidators. This would have incurred legal costs which would ultimately have had to be paid out of the liquidation - and at the end of the process Mr Clowes would still have been able to claim living expenses.

Since there was cash available to meet these, it meant that other assets have not had to be liquidated. This too is believed to have weighed in favour of the arrangement. Mr Jordan's alternative was to attempt to have Mr Clowes declared bankrupt from the outset but this could have stopped co-operation. There is likely to be pressure from investors in Barlow Clowes to end the temporary arrangement or have the amount reduced. Mr Jordan said last night he would be discussing the situation with the investors' committee when all involved had returned from holiday.

Commercial Aviation to the End of the Century

The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all the existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held in London on 30, 31 August & 1 September, 1988 just before the Farnborough International Air Show. Speakers will include:

- ..Jan van Bakkum...Selwyn Berson...Frederick W Bradley Jr....
- ..The Lord Brabazon of Tara...Eugene Buckley....
- ..Jack Cunningham...Dato Abdul Aziz Abdul Rahman....
- ..Günter Eser...Sydney Gillibrand...John Hayhurst....
- ..Stuart Iddles...Lee Kapur...Jeff Marsh....
- ..Sir Colin Marshall...Jeremy Marshall...Roy McNulty....
- ..Jean-Robert Reznik...Phil Ruffles...Heinz Ruhnau....
- ..Matthew Scocozza...Alan Snudden...Max Taylor....
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INVESTMENT WITH A FUTURE

Commuters face big fares rise

By Kevin Brown, Transport Correspondent

BRITISH Rail yesterday announced plans for a big rise in season ticket fares for the growing army of long-distance commuters to London. The increases, which will be phased in over several years, could more than double the cost of some journeys. British Rail said higher fares were needed to finance investment and cover costs. The proposals were attacked by the Central Transport Consultative Committee, the statutory BR watchdog, which has frequently criticised over-growth and poor services on some commuter lines.



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UK NEWS

OECD REPORT ON THE BRITISH ECONOMY

Doubts cast on strength of Britain's boom

By Simon Holberton, Economics Staff

BRITAIN'S productivity growth in the 1980s has been second only to Japan, but much of the change may be due to singular gains rather than a transformation in underlying performance, the Organisation for Economic Co-operation and Development says in a review of the British economy.

In its annual review of the UK, the Paris-based OECD presents an evaluation of the economic policies of the Thatcher Government.

Its judgments are heavily qualified because it is difficult to determine the effects of economic policies in general, and supply-side policies in particular, on productivity. However, the OECD concludes that if the past productivity developments represent singular changes, then the improvements will eventually taper off.

The Government scores highly in the areas of labour market deregulation and financial market liberalisation. It is praised for its resolve to "stand firm on inflation," to subject the private sector to greater market discipline and by its commitment to an open international trading system. The OECD also believes the Government's policies have been responsible for a change in the economic climate which has made a more dynamic econ-

omy. The policy decisions it made were also assisted in the first half of the decade by the positive contribution which the oil economy gave to overall productivity growth. The growth in international trade tended to enhance competition in the British economy, as did the globalisation of financial markets.

However, the Government's privatisation programme, one of the key planks of its economic platform, has had only "marginal" effects on total productivity growth, the organisation says.

The OECD is also very critical of Britain's educational system. The UK is behind most of its competitors in the industrialised world in the provision of quality and standardised vocational training for industry.

Productivity is the key indicator by which the OECD evaluates recent British economic history. It finds that in the UK there has been a dramatic improvement in labour and capital productivity - an improvement which "has, as yet, shown no signs of fading." Moreover, the share of aggregate nominal demand accounted for by inflation has fallen and there are no signs of this change reversing.

The growth in productivity has been felt mostly in the pri-

mary and manufacturing sectors of the economy - especially the oil industry. The rising share of employment in high-productivity financial services industries has also made an important contribution to the overall growth of the economy.

"Stronger labour productivity growth has not been linked to capital investment, which, in fact, has remained lower relative to Gross Domestic Product than in earlier recovery periods," the OECD says.

"Rather, it seems linked to changes in work organisation, with inflexible and out-dated job demarcation giving way to more rational job allocation. This would indicate that a large part of the observed productivity growth rates in the 1980s are, in fact, successive level changes as opposed to underlying growth rates."

Despite the large improvements in productivity during the 1980s, it says there is still "significant" scope for the UK to catch up to the levels achieved in Europe and the US. In 1985, productivity in the UK was 30 per cent less than that in the US and about 25 per cent less than in Europe.

The Government's changes to labour laws have played a major role in the improvement of industrial relations and increased flexibility in the

workplace. Its policies to encourage profit-related pay have been only moderately successful, the organisation says.

Increased flexibility in the workplace has frequently been pioneered by foreign companies which now account for 15 per cent of all employment in manufacturing, 20 per cent of output and 21 per cent of capital expenditure, the OECD says.

The organisation says the Government's aim in privatising public corporations - to enhance their efficiency - has largely been met. But it finds little evidence that the privatisation programme has led to much improvement in total productivity growth. This is especially so for those public enterprises in the transport and communications sectors.

The OECD is particularly critical of the pricing policies adopted by state monopolies which have been transferred to the private sector.

In general, it says, the economic rationale for making a public monopoly private is less strong than selling a public corporation which faces domestic competition. In areas of pricing, where the regulatory authority relies on information from that being regulated, the full discipline of the market may not be able to be exerted

on management. An alternative would have been to break up the gas and telecommunications monopolies into different companies. This would have allowed the regulator to better assess efficiency. With a policy of uniform pricing, below-average companies would have had to become more efficient.

In this context, the decision to break-up the electricity industry into two power-generating companies and 12 regional distribution companies "paves the way for a strengthened regulatory framework and greater accountability to customers."

The review is also very critical of the British education system. The attainment levels of British students are well behind those in other developed countries. The UK trails many OECD countries with only 65 per cent of 17 year olds enrolled in formal education and vocational training in Britain is narrower compared to other countries.

The OECD notes that since the early 1980s the Government has developed many programmes to address the issue of training. Its judgment is, however, reserved as it depends on the level of attainment set and the nature of the new curriculum, which have yet to be decided.

Economy must slow down to lift inflation danger

THERE ARE few signs of a resurgence in inflationary pressures in Britain but according to the OECD, they could emerge unless the economy slows significantly, Simon Holberton writes.

It believes that the economy will grow by 8.5 per cent this year but slow to a rate of 2.25 per cent growth next year as a result of higher interest rates and the increased value of sterling.

Britain's trade deficit will, however, continue to deteriorate. This year the current account deficit is projected to rise to \$5.75bn, but next year it will grow to \$7.5bn.

The OECD's projections are towards the bottom end of expectations of London-based independent economists. The projections for the economy are the same as those presented in the Organisation's world economic outlook, published in early June.

The OECD's main mechanism for a slowdown in the UK is for domestic demand to reduce as a result of lower personal consumption. This is due in part to a recovery in the savings ratio but also to a slowing in pay settlements and signs that unemployment is rising slightly.

The Organisation admits there is an "unusually high degree of doubt over this fore-

cast, especially as it affects its forecast for savings. This is partly because of the poor quality of official statistics and partly a result of its projections for consumers' behaviour in the face of higher interest rates.

It forecasts that private consumption will grow by 5 per cent this year but slow to a growth of 3.35 per cent next year. At the same time savings are projected to rise from 4.75 per cent to 6 per cent.

Since 1985 inflation in Britain, as measured by a number of indicators, has been broadly stable. It has fluctuated around an underlying annual rate of a little over 4 per cent. Industry's profitability is strong and the real rate of return on capital is at its highest level since 1982.

The strength of sterling has mitigated a rise in commodity prices since 1986, especially oil, and the growth in unit labour costs has been restrained by the UK's exceptionally strong productivity performance.

Furthermore, notwithstanding a pick-up in pay settlements to 6 per cent at the beginning of this year, wage growth is still below the rates recorded in the 1983 to 1985 period.

The inflationary threat to the UK comes, the OECD says, not from any one of these indi-

cators getting out of control, but either from their combination if the economy does not slow down, or from their response to the slowdown in the economy.

A continuing high level of domestic demand will aggravate and worsen capacity constraints and labour market tightness and this could lead to a rise in inflation.

On the other hand, if the economy slows and output falls, wages may not be responsive and industry's costs will rise, thereby fuelling inflation.

The OECD says that on "optimistic" assumptions about the trend in productivity, the underlying rate of growth in unit labour costs can be put at about 5 per cent for the economy and 3.5 per cent for manufacturing.

A fall in wages is, therefore, crucial to lowering inflation, especially if a rise in unemployment is to be avoided. The OECD points out, however, that wages in Britain are unresponsive to unemployment.

The organisation says it appears as if wages in unemployment are to "change rather than the level of unemployment."

This may reflect the number of long-term unemployed who have a limited ability to compete in the labour market.

N Ireland may face return to job decline

By Our Belfast Correspondent

THE NUMBER of employed people in Northern Ireland could drop by up to 4,000 next year, according to a forecast by Coopers and Lybrand, the leading firm of Ulster management consultants.

In a comprehensive mid-year review of the Northern Ireland economy, Coopers predicts the rise in output in 1989 will be insufficient to prevent a return "to a long-term decline in job numbers" unless there is an increase in government public sector employment.

The review takes into account recent revisions of some key economic indicators. Northern Ireland's gross domestic product has been revised upwards by between 10 and 15 per cent, and added upwards by 7,000 and the percentage unemployment rate adjusted downwards by 0.4 points.

The review states the need for better management information relating to the Northern Ireland economy and adds: "While the recent revisions may be justifiable, their scale and frequency tend to undermine our confidence in interpreting the few official economic indicators that do exist."

On industrial output, Coopers identifies the buoyant state of the textiles, clothing and building materials industries to continue to counter the effects of decline in the food industry and parts of the engineering industry.

An increase of 1.5 per cent in output is predicted for the year, with some limited growth next year, subject to events in the national economy.

The survey predicts a slowdown in the rate of decline in unemployment next year with the total numbers out of work expected to be static or slightly down.

Mr John Hume, leader of the Social Democratic and Labour Party, and Mr Gerry Adams, Sinn Féin president, have held another meeting in the series of talks between the two parties.

The meeting took place against a background of increasing pressure on Mr Hume to abandon the dialogue because of the upsurge in the IRA's military campaign.

Mr Hume, however, yesterday urged his critics to reserve judgment on the talks until they were over.



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"I didn't think Spurs could do it."

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60	Am. Smt. Ind. Pref.	30	0	-	-	-
57 30	BBS Design Group (US\$)	39	0	2.1	5.3	6.2
168 135	Barton Group	168	0	3.3	2.8	23.7
115	Barton Group Pref.	115	0	4.1	3.7	10.2
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124 124	CL Group 11% Contd	265	0	14.7	4.2	4.2
151 129	Carbo Pte (SE)	150	0	6.1	4.1	9.2
112 100	Carbo 7.5% Pref (SE)	107	0	10.2	9.4	-
300	Carbo 10% Pref (SE)	300	0	3.7	1.2	8.3
95 60	Carbo Group	95	0	-	-	-
118 87	Jackson Group (SE)	112	0	3.4	3.0	12.4
800 800	Multi-Serve NV (AmSSE)	800	0	-	-	-
111 40	Michael Jacobs	111	0	7.5	-	2.4
430 124	Servomat	418	-2	6.0	1.9	36.0
235 194	Taylor & Corbett	233	0	7.7	3.3	7.7
95 56	Taylor Holdings (SE)	91	0	2.7	3.4	8.7
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Electronic typewriters

Two key players attempt to revitalise a saturated market

By Roderick Oram in New York and Ian Rodger in Tokyo

In response to changing technology and the globalisation of markets, the structure of the world typewriter industry has been transformed during the past two decades. These pressures are likely to intensify as the boundaries between typewriters, word processors and personal computers become more blurred. Some companies like Olivetti intend to be world competitors, offering a broad line of text process-

ing products and systems. Others have opted for a narrower product line and a less global marketing approach.

The two companies described in the accompanying articles illustrate the changes at work. Smith Corona of the US, part of the SCM group now owned by Hanson of the UK, has long been known for its strength at the lower end of the market, especially with portable typewriters and 1.4 hours.

Moreover, it won foreign trade zone status for its Cortland plants so it pays only between zero and 2.3 per cent duty on the foreign content of its completed US-made typewriters rather than 4 per cent to 10 per cent on the imported components.

Smith Corona has also used trade laws to the full against Brother and other Japanese manufacturers for nearly a decade. The trade actions "have been a very severe burden in terms of the reporting, management time and stigma," says Patrick Gilmore, executive vice president of Brother's US operations.

All Smith Corona's actions began paying off in 1985 just as Hanson launched its bitterly contested bid for the company's parent. Both SCM and Hanson said they would dispose of Smith Corona. After eventually winning control, however, Hanson kept the typewriter maker when it found how strongly it had recovered. To some extent its success came from the kind of cost cutting and management style Hanson imposes on the companies it buys.

"We'd pre-Hansonised the company before the takeover," Thompson says. The lean operations were already producing highly competitive products which over the next two years were to take the largest share of their home market and begin to grow rapidly in export markets.

Brother Industries of Japan began life as a maker of sewing machines and used its manufacturing know-how to make a big impact on the world typewriter business in the 1960s. While its production base remains Japan, it now makes typewriters in the UK and the US, has manufacturing affiliates in Korea and Taiwan and clearly sees itself as a global player.

Dataquest, a leading electronic equipment market research firm, estimates Smith Corona last year took 36.1 per cent of the US home and office market for compact and portable electronic typewriters while Brother took 22.7 per cent. Three other Japanese companies - Canon, Sharp and Panasonic - had less than 10 per cent each. The total market of 3.5m units was worth about \$650m at the wholesale level. Dataquest forecasts, however, that the market has peaked and will decline to 2.6m units by 1992.

Thompson believes, however, that Smith Corona can continue to stimulate demand by using electronics to add more features to typewriters. It pioneered dictionaries-on-a-chip several years ago and more recently introduced built-in grammar programmes. It also led the way by combining in one machine a keyboard, editing screen, and printer to make a simple word processor which is cheaper and easier to use than a personal computer.

Its eyes remain firmly on machines for home and school rather than commercial use. It believes "offices-in-the-home" are growing rapidly in number and sophistication and it will expand its product range accordingly. Thus, it is interested, for example, in developing small copiers and fax machines as demand grows.

But these products and increasingly complex typewriters will bring it into closer competition with the giants of office equipment. For all its deep antipathy toward its Brother, they share a common problem: they have both profited handsomely from capturing a market trend but they may be too small easily to repeat the trick.



(Top) Lee Thompson of Smith Corona, and Katsuji Kawashima of Brother, tapping into technology

Everything happened quickly for Brother Industries. Until the early 1970s, this typically conservative provincial manufacturer was quietly adding to Japan's prosperity by making sewing and knitting machines at factories in suburban Nagoya that dated back to the early 1930s.

Brother had diversified into portable typewriters in the early 1960s at the request of a US distributor, and had built up a reasonable business in the US and Western Europe at the cheap and cheerful end of the market. In 1980 it hit the jackpot with its revolutionary portable electronic typewriters.

Brother exploited to the full the potential of microchips and dot matrix printing heads, transforming the portable typewriter from a heavy, cumbersome box into a slim, lightweight package that fits into a briefcase. The design was a

manufacturer which finds that it has grown to a level where it has neither the power of its giant competitors nor the adaptability it had when it was smaller. And it finds that it has to work extremely hard just to stand still.

The electronic typewriter turned out to be a mezzanine of a product, soaring to great heights and then quickly tumbling as better products, such as laptop personal computers, came along. And, unfortunately for Brother, the advantages it had in electronic typewriters because of its long experience of making manual typewriters was of less value when it came to word processors and PCs.

Moreover, while the big battalions of Matsushita, Toshiba, Sharp, Canon, Fujitsu and NEC may have largely missed the boom in electronic typewriters, they made no mistake about the potential of word processors and PCs.

The Japanese language word processor market has, as expected, soared in the past few years, and is now a \$1bn a year market. But Brother, the product pioneer, does not even figure among the top five producers, and it is being badly hurt by bruising price competition among the giants.

In PCs, Brother is admittedly a latecomer, and finds it hard going. "The domestic market is very difficult. Everyone is trying to push here because of the difficulty of exporting," says Katsuji Kawashima, the group's softly spoken president.

Brother's plight has been intensified by the sharp rise in the yen's value in the past three years. The company was caught going exactly the wrong way when the yen started to rise, increasing its dependence on exports rather than reducing it.

By the late 1970s, exports accounted for a third of turnover, and the directors thought that was about as high as it should go. "Export business is very risky," Kawashima says. However, because of the success of its Roman alphabet electronic typewriters - for which there is virtually no market in Japan - the export ratio has soared to two thirds of turnover. And with the yen's value against the dollar now double what it was three years ago exporting has become a profitless activity.

past four years, operating costs have dropped by 9 per cent. The workforce has been reduced only fractionally in absolute numbers, but the company has achieved a massive change in its composition.

Five years ago, two thirds of the 6,500 employees were direct labourers; now 60 per cent are indirect workers - in sales and marketing, research and development people and general management.

This transformation was possible because most of the production workers are females doing light assembly jobs. In Japan, women tend to work only for short periods of time, leaving their jobs to marry and have children. In Brother's case, there is a natural attrition of about 200 a year. In the past few years, the company took advantage of this phenomenon by automating assembly functions so that the women would not have to be replaced.

For example, in one typewriter keyboard assembly line, more than 40 women used to assemble the 80 parts involved. Now there are only three workers on the line. Brother also warned its suppliers well in advance of the harder times to come, urging them to find other customers. In the past five years, it has cut its supplier list from about 300 to 50.

The company is also in the midst of moving production capacity abroad to get around the difficulty of exporting. It is already well established in the UK, with a plant at Wrexham making both typewriters and printers, and in Taiwan where it makes sewing machines. Three years ago, it set up a typewriter and printer factory in the US.

But the directors know that these efforts are not enough. The group's main problem remains, as it was five years ago, to find new, profitable products that will secure its future. "It is very hard now. Japanese manufacturers pile into any new field very quickly," says Kawashima. "Look at the bread-making machine. It was introduced last year and within one year there was too much capacity. In the past, excessive competition in the Japanese market contributed to expansion around the world; now it is counter-productive," he laments.

If Brother were a US or British company, it would probably get swallowed up by some big conglomerate. Its shares are relatively cheap by Japanese standards, at 45 times last year's earnings. But takeovers are almost unheard of in Japan, so Brother is probably condemned to a long and difficult search for new growth.

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JOBS

Legal eagles and other birds of ill omen

By Michael Dixon

WHEN sifting various nations' economic records fairly recently Norman Augustine, chief executive of the Martin Marietta Corporation, made a discovery. Their average annual productivity increases during 1960-82 seemed to be related to the percentage of lawyers in their populations.

Before any readers belonging to the said profession start preening themselves, they had better know that the gain in productivity was the greater, the fewer the lawyers on hand. The strength of the link is shown by the case of France. Although Mr Augustine did not know how many lawyers lived there, the overall pattern suggested that the number was about 17,000. His later inquiries showed it to be 16,600.

Table with columns: GRADUATES IN ALL SUBJECTS, PURE SCIENTISTS, APPLIED SCIENTISTS. Rows include: Total gaining bachelor's degrees, Whereabouts unknown at December 31, Returned or moved overseas, Further academic study in UK, Teacher-training, Other training, Administrative and managerial work, Research, design and development, Engineering and science support work, Environmental planning, Buying, marketing and selling, Management services, Financial work, Information, library and legal work, Personnel and welfare services, Teaching and lecturing, Other kinds of work, At best short-term UK job at Dec 31.

The United States is unashamedly overloaded with one legal eagle to every 418 inhabitants. Last year the UK had one qualified accountant of some sort to every 423.4. What's more the density is increasing annually.

The first set of five columns of figures refers to all of the bachelor-level graduates no matter what the subject of their degree. The next two sets, of three columns apiece, relate respectively to the minorities who studied "pure sciences" and "applied sciences" such as engineering, technology and architecture.

The line immediately below the totals at the head of the table denotes people whom their alma mater had lost trace of six months after they took their degree. Where they went, we cannot tell - which seems a pity when, overall, there are more expensively produced graduates in the whereabouts-unknown category than in any of the others.

category in all-subjects terms is the one at the foot of the table: "At best short-term UK job". It includes people who on December 31 of the year when they gained their degree were believed to be unemployed or in a post expected to last no more than three months. It also includes those, such as retired folk, who were not seeking any paid work.

us back to the growing density of accountants in the UK. For of the 3,525 known to have taken financial work last year, no fewer than 4,776 began training for the chartered branch of accountancy as against 4,642 in 1986 and 4,592 the year before. That omits the uncoloured extra numbers entering the certified, management and public-sector branches, whose members made up over a third of the UK's 134,055 qualified accountants in 1986-87.

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TECHNOLOGY

When research is seen to make a profit

David Fishlock profiles the man who has pioneered cost benefit analysis of BP's research

What am I getting for the \$150m a year I spend on research and development? the chairman asked of his research director. A good question, acknowledged Professor John Cadogan - "the prof" to many colleagues at British Petroleum - and he promptly sought a scientific answer.

Cadogan produces an annual "balance sheet" for Sir Peter Walters and the BP board, which puts figures to the benefits believed to accrue from its corporate research centres in Britain and the US. The figures are agreed with the business divisions which have received assistance, then audited by company accountants.

No other company, to the best of BP's knowledge, makes such an analysis. Cadogan says he was originally recruited "to make science respectable in the company." Many of his academic peers would probably be horrified by the idea of cost benefit analysis but the results can be highly satisfactory for company scientists.

Cadogan, a loquacious Welsh chemist who still supervises some research at Edinburgh University, is convinced that cost benefit analysis can be a valuable tool of research management. This year he is also applying it to the US laboratories of BP, acquired last summer with the US oil company, Sohio.

The R and D operation is run by Cadogan from offices in BP's London headquarters and at Sunbury-on-Thames. Both include mini-museums of scientific curiosities culled from a career divided between academia and (since 1979) BP.

BP research is no ivory tower. The businesses are encouraged to use R and D both to solve problems and to advance their technology and they have ready access to the researchers. Cadogan bases BP businesses into leading support with such chal-

lenges as: "Tell me where your next unforeseen problem will come from." Sunbury - where there has been science for the oil industry since the 1920s - first attempted cost benefit analysis in 1965, analysing records for the previous three years. Since then it has been done annually. "Every year we've made a handsome profit on the current account," says Cadogan: 1984 produced the poorest figures, a notional 10 per cent profit.

BP's oil foaming problem at Sullom Voe, Shetland, in 1984 had a seminal influence on the analysis. The oil men advocated a new \$25m separator, involving a year's delay. Sunbury's colloid science group invented an anti-foaming agent in only six weeks. There was talk of the benefit being as great as £1m a day.

The figure of £12m was finally settled on as the total financial benefit. Every six months Cadogan's scientists are asked to fill in a form covering the nature of the project on which they are working, its sponsor (which may be a division or the corporation), the man-hours and capital costs incurred, and an estimate of the financial benefit.

The scientist must state how the gain has been made and have the estimates endorsed by his project leader. Benefits can accrue from technical studies, from advice provided, from "trouble-shooting", by

avoiding claims against the company, by influencing legislation.

How much is claimed is a contentious issue. The rules were drawn up by BP accountants and Cadogan claims the odds are stacked against R and D. "Jam tomorrow" is disallowed. Only monies already received by the company can be claimed. Benefits can be amortised over five years only - "a tough one against us" - he says.

Alan Forbes, controller of the Sunbury Research Centre, takes personal charge of the cost benefit analysis exercise. "It's a fascinating job. It demands someone who is numerate, has a technical background and has a fair amount of persistence," he says. For three months a year it occupies 100 per cent of his time.

Having gathered the data and checked it with the scientists, Forbes invites BP businesses to verify the benefits claimed. "By far the most difficult question is: how much is it worth? If it becomes too difficult to agree a figure, nothing is claimed."

When he has thrashed out a gross net benefit with the business, he goes back to his researcher with the claim and there may be some more haggling. "But the figure I put in the analysis is the one that the business agrees."

Initially, the businesses were wary; now they give the exercise

high-level support, he says. The analysis includes about 100 projects each year, mostly on behalf of the oil exploration and international businesses of BP.

Forbes says the first balance sheets to be drawn up were not really believed by the BP board. But Sunbury had them audited and the claims were mostly validated. If the returns being credited to R and D are equated with profits in other activities, it is among the most profitable of BP businesses, he says.

Cadogan's research empire comprises some 2,300 staff at Sunbury, spending about £100m this year, and another 700 spending £45m at Warrensville near Cleveland, Ohio. In addition, he oversees R and D carried out by another 1,400 people in business divisions. Cost benefit analysis is also now being applied to the research done by BP Chemicals at Hull and elsewhere.

This year the two main research centres have been integrated. While BP owned only part of Sohio, the research at Sunbury and Warrensville collaborated at arm's length. This year, following BP's purchase of the rest of Sohio, Cadogan has been able to integrate them into a single operation split between two sites.

Staff are being exchanged; for example, Warrensville is run by a



John Cadogan at BP's Sunbury plant

scientist from Sunbury. Cadogan says he has had no trouble transferring staff from Sunbury to Cleveland, but the former Sohio scientists "have no history of travelling abroad."

Each site has its own strengths - Warrensville, for instance, in environmental protection and Sunbury on conversion of gas to oil.

As he sees it, his job is to swing the capability of the integrated research centre behind such tasks as getting more out of Prudhoe bay, Alaska, and helping BP Minerals in North America.

Similarly, he wants to enhance Warrensville's "rather thin" links with universities. BP has a long tradition of university support: it is spending about £11m a year on this, of which \$3.5m comes out of Cadogan's research budget for Sunbury, 10 per cent of the corporate research component of £35m. The other \$60m spent at Sunbury goes on R and D done under contract for BP.

Cadogan says cost benefit analysis has provided a "comfort factor" for BP businesses about their R and D investment, and a control mechanism for laboratories faced with the rising cost of research. If the research capability is over-subscribed, he undertakes the projects likely to prove most profitable. "We're on the back of a tiger now. People have very high expectations."

Foam designed to resist fire

By Hilary Barnes

A DANISH firm is hoping to cash in on the British Government's plan to ban the use of high risk polyurethane foam in upholstered furniture from next spring.

The company, Pius-Foam, claims to be the only one in Europe manufacturing a fire-resistant latex foam. In its demonstration, a blowtorch is directed at the foam, which glows red but does not catch fire. On a radiant panel test for flame spread, the product rates only slightly more likely to catch fire than asbestos.

No freon - a chlorofluorocarbon used in the conventional method of foam manufacture - is involved in the production process.

Pius-Foam, from the little Sjaelland town of Tølløse, makes its product, which is biodegradable, from neoprene latex. This is turned into foam by a mechanical whipping process.

The fire-proof foam has been sold to the Danish railways for upholstering a new series of coaches and is being used on ships and oil platforms and in cinemas and theatres.

The company claims that the product's elasticity and bearing power is at least as good as other foam products used in furniture. Best Tølløse, the managing director, says that the foam is not protected by patent, "but the recipe is well hidden away with us." He hopes to reach licence agreements for production in the UK.

Best Tølløse can be contacted on Denmark, 3 48 88 10.

New courses in technology

A NEW BA degree course in Business Information Technology, the first of its type in Scotland, starts this autumn at Paisley College of Technology.

One of the aims of the course is to produce graduates with a keen awareness of how modern business can gain a competitive edge through the use of new technology.

Slow College in Glasgow is inviting managers in small and medium-sized manufacturing companies, in the west of Scotland, to attend free training courses on the applications of new technology.

The courses, organised by Strathclyde Regional Council with backing from the European Social Fund, start in September.

and the US. In Quebec, a Montreal company, CESTI, is offering Minitel at C\$ 600 (£300) to outright buyers, C\$ 90 a month for three years on hire purchase, or C\$ 25 a month to rent. CESTI will have to face fierce competition from Bell Canada, which is on the point of introducing an electronic telephone directory on terminals manufactured by Northern Telecom and offering higher graphic definition than Minitel. Meanwhile, access to the French Minitel network from overseas is improving through the Minitelnet or Groun services, gateways which connect to the 3615 services - and eventually, it is hoped, to others - at a cost 90 to 50 per cent below that of an international call.

George Graham

France's Minitel service leaves its fad status behind

The original purpose of the Minitel system, the electronic telephone directory, remains its mainstay, recording an average of 23m calls a month. It obviates the need to keep updating a printed directory.

The service is a money-spinner for France Telecom. Expanding on the yellow pages, it has added advertising to the directory, including 34,300 catalogues. Earnings from sales of advertising space amounted to FF100m (€15m) in 1987, with FF161m accruing to France Telecom.

In other areas, however, demand has flattened. The fastest growing sector used to be the 3615 number, limited to press and media groups providing mass market telematic services: news, information,

games, letter boxes and above all the Pink Minitel, a sort of electronic singles bar for lonely hearts.

The 3615 services, charged at 30 centimes a minute with 10 centimes going to the supplier of the service and the rest to France Telecom, are the cheapest offered on Minitel, and used to account for 70 per cent of its total use. But their share had fallen to 60 per cent by the end of 1987 and has slipped further since then.

The Pink Minitel has drawn the wrath of the politicians and now faces an ultimatum: clean up your act or be banished to 3614, which is more expensive and controlled by subscriptions and secret individual access codes. But its attractions appeared to be fed-

ing anyway. Last October's stock market crash provided a boost for Minitel, with heavy consultation of financial information services.

By the end of the year the stock market service of the evening newspaper Le Monde accounted for over half its total Minitel calls.

The gold rush appears to be over, however. The morning newspaper Liberation, which had made a noisy and successful entry into the Minitel market, has had to lay off some employees. The Nouvel Observateur, the weekly magazine which became market leader in Minitel message services, with estimated turnover of FF700m (€105m) last year, has put its Minitel operations into a separate subsidiary and is widening

its earnings sources by acting as host for other Minitel services.

It is in the professional services area that Minitel use is showing more solid growth rates. The 3614 services, so far offering a more professional type of information, increased their market share from 21 per cent to 30 per cent during 1987.

Users are directly charged only 37 centimes a minute for 3614 calls, all of it going to France Telecom. The service supplier must make money through subscriptions.

France Telecom has also introduced a wider range of access numbers, including 3615, with two tariff rates, 3617, which allows a variety of charging structures, and 3605, for calls free of charge.

These different arrangements, especially the greater emphasis on subscription services, may undermine some of Minitel's early success. It may also undermine that the system has outgrown its fad status and become a genuine information tool.

France Telecom has begun to develop Minitel overseas through its subsidiary Intelmatic. Some foreign countries have criticised the equipment as being technologically rustic, for example, access times on the terminals can be slow, but the advantage is that it is cheap. It has been recognised in more than 20 countries, including West Germany - grudgingly, after much political pressure - Spain, Canada



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1986	1,955.3	1,558.5	723.3	415.5	59.4	30.6	349.0
1987	3,043.0	2,334.1	1,018.8	572.5	137.6	61.0	606.0*
INCREASE %	55.6	49.8	40.9	37.8	131.6	99.4	73.6

* Yapi-Kredi is "number 1" in Turkey in the capital markets volume over 60 banks and other financial institutions are active. Yapi-Kredi's share in capital markets is 15 percent. ** Yapi-Kredi's share in international transactions is 12 percent.



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ARTS

TELEVISION

Wipe Out tops the season's wash-outs

Anyone lucky enough to be reading this in the Mediterranean... Wipe Out is about as enthralling as a self-advancing pit prop.



Catherine Neilson in the baffling thriller Wipe Out

stretched at 60 minutes, has been allowed to run to four times 60 minutes. The opening episode adopted that chirpy-chappy tone so familiar from the 'Look At Life' and 'Fathos Pictorial' cinema travelogues of the 1950s which used to drive us out to the foyer to kill time buying Maltesers while we waited for the Bergman.

tion on the growing number of books and plays about people who are unable to communicate. 'Husbands and wives who can't communicate, children who can't communicate with their parents, and so on. The characters in these books and plays, and in real life, spend hours bemoaning the fact that they can't communicate. I feel that if a person can't communicate, the very least he can do is to shut up.'

Barry premiere

ALBERT HALL, RADIO 3

Gerald Barry's Chevaux-de-frise, a BBC commission for the Ulster Orchestra, received its first performance in Monday's Proms.

Stop In The Name Of Love

PICCADILLY

Do you remember when bees were worn on the head? Cliff Richard was a threat to womankind and the world moved at 45 revolutions per minute?

Tale of a dog's life proves a real gem

EDINBURGH FESTIVAL

The Edinburgh fringe has produced a real gem in the Cambridge Youth Theatre's British premiere of Mikhail Bulgakov's The Heart of a Dog.

place, though sometimes a nose out of joint. They also perform a five-minute musical version of Oedipus Rex, a delightful song for an oyster who wants to be a little fish, a piano man for syn-



Chris Sculthorpe (Fido) and Stephen Andrews (Professor) in The Heart of a Dog

about old friends and a family wedding. It closes with another Glaswegian, Arnold Brown, being apologetically scathing about his own European City of Culture for 1990.

Peking Opera

FESTIVAL HALL

On the whole the Peking Opera popopera (on show for two weeks) is a good thing.

Advertisement for Aspirin pain relief. Text: 'For ASPIRIN pain relief TAKE ANADOL the proven formula'.

ARTS GUIDE

London Too Clever By Half (Old Vic). A flusing Gogolian production by Richard Jones of Ostrovsky's Diary of a Madman.

Washington Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo's epic.

Theatre News

The Renaissance Theatre Company will present Much Ado About Nothing, directed by Judi Dench, as You Like It, directed by Geraldine McEwan, and Hamlet, directed by Derek Jacobi.

David Murray

August 12-18

ing on August 26; and Heartlands, by Tim Firth, which opens on September 9.

the trimming had mostly attached to.

The special Peking allure appeals to their sense of combat, in which the actors spin like tops, juggle with swords and sticks and do dazzling sequences of body-flips with insouciant skill.

The musical component is picturesquely effective, never ambitious, but the conductor-less oriental band is in taut ensemble with the action. It is useless to single out individual performers, but the Monkey of the famous epic captured the character superbly in flamboyant gesture and bounce.

The "Eight Immortals Crossing the Sea" concluded with a frenzy of flips that might have been inserted anywhere, it offered glimpses earlier of some less showy but appetising features of the genre. Each of the immortal Chinese "opera" is ritualised dance-drama with some dialogue and songs, usually enacting mythology or mythical history, like the traditional theatre of many another East-Asian country. For foreigners the usual suggested down-to-earth musical comedy. One wanted to see the piece in its full extent; and one yearned for subtitles.

ing on August 26; and Heartlands, by Tim Firth, which opens on September 9, directed by Sam Mendes. Next year the season will take place in the new Studio Theatre, which opens in the spring.

Brian Rix is to return to the West End stage in the classic Whitehall farce Dry Rot which opens at the Lyric Theatre for a 15-week season on September 23 following a two-week run at the Theatre Royal Bath.

Dry Rot enjoyed a four year run at the Whitehall theatre when it opened in August 1964, with Mr Rix in the cast as Fred Phipps. In this production, directed by Christopher Renshaw, he will take the part of Alfred Tubbs. Other members of the cast will be Elspeth Gray, Nick Wilton, Derek Griffiths, Richard Vernon, Derek Royle, Julie Dawn Cole, Harriet Reynolds, Julie Peasegood and Robert Bathurst.

The final Chichester Festival Theatre Tent Season starts on August 12 with Brian Friel's Translations, directed by Sam Mendes. Three other productions follow: Tissue by Lorna Page, opening on August 24 directed by Clare Rankin; Mr Puntila and His Man Matti, directed by Simon Usher, open-

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 4BQ
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Wednesday August 17 1988

Plaudits for the UK

The Thatcher Government could not have wished for a more positive assessment of the British economy than that delivered in the OECD's latest survey. The Paris-based group makes light of the strains imposed by the recent very rapid growth of domestic demand, choosing instead to highlight the economy's excellent medium-term track record. The 1980s, it says, will stand out as a decade of impressive improvement in economic performance.

OECD painstakingly analyses a long list of changes, from trade union legislation to privatisation and tax reform. But its latest analysis often throws up doubts about the significance of the policy initiatives. Thus it points out that most countries have enjoyed a marked reduction in industrial action in the 1980s even though controversial legislative reforms. This suggests that common factors, such as falling employment in strike-prone industries and more general changes in the organisation of work, have played a part. The OECD also queries the economic logic of some of the major privatisations and points out that tax reform, while a bonus in the longer run, may have equivocal results in terms of incentives in the short-term.

Labour productivity

Numerous indicators testify that the changes run deep. On average, British companies are now at least as profitable as their foreign rivals, often they are more profitable. In many instances, the key to improved performance has been improved labour productivity. The OECD points out that, in the current economic cycle, average productivity growth rates have either fallen or remained constant. Britain, however, has bucked the trend, experiencing a 75 per cent increase in productivity growth. It has moved from near the bottom to near the top of the league table since 1979, only Japan has experienced faster growth of labour productivity. The UK, moreover, has matched more efficient use of labour with more efficient use of capital, so that its total factor productivity has risen sharply while that of other countries (including Japan) has remained static or fallen.

Flexible instrument

The causal significance of macroeconomic policy thus comes to the fore. The OECD rightly points out that the fiscal stance has not been loosened, the cyclically-adjusted budget balance has remained broadly stable, as intended. But a revealing diagram does underline what a flexible instrument the expansionary Monetary Policy Strategy has been in Mr Lawson's pragmatic hands. In recent years, there have been significant upward revisions in the projected rate of growth of nominal GDP. Thus in the year to last March, money incomes grew 4 per cent faster than envisaged in the 1985 MTFS. In other words, monetary and exchange rate policies have been manipulated to allow a much faster growth of nominal demand than originally intended.

The policy relaxation was a great success because supply responded well to the vigorous expansion of demand. But it naturally raises doubts about the future of the expansionary monetary policy. The challenge for the Government is to find a way of sustaining growth without continually revising its nominal framework.

Clive Wolman looks at the lessons of the latest insider dealing cases

Loopholes in the Chinese walls

The two cases of insider dealing uncovered last week have highlighted one of the less apparent triumphs of the Big Bang reforms. At the same time, they have illuminated potentially the most serious blunder in the restructuring of the securities industry.

The triumph arises from the ability of the Stock Exchange and other regulators to tap into the databases provided by the new computerised dealing services to track down insider dealing and market manipulation far more efficiently. The blunder is epitomised by County NatWest WoodMac, the securities subsidiary of National Westminster bank. It cost its parent £38m in losses in 1986 and £16m in 1987. That embarrassment led to the replacement of the top executives by the newly acquired stockbroking firm Wood Mackenzie. Last week, seven months later, the circumstances which led to £2m of share purchases in Grand Metropolitan, carried out by two of the firm's market-makers on the basis of inside information, have exposed its continuing organisational confusion.

The episode has raised questions about the wisdom of NatWest's venture into investment banking, though the group's senior management continues doggedly to maintain that an aspiring global bank such as NatWest must be able to diversify investment products to its corporate customers. The more fundamental question raised by NatWest's experience is whether the hundreds of millions spent since 1984 on putting together a giant integrated securities firm has been a strategic blunder.

Critics of this strategy argue that the policing of all the complex boundaries (the "Chinese walls" between the different departments) now forced together has become so burdensome, and the risks of losing clients so great when breaches are publicised, as to outweigh any synergies or economies of scale from putting together the conglomerate.

Most firms have admitted that in any case the synergies have been much more difficult to extract than they anticipated. Those firms which stack up a record of breaches or make more limited diversifications, such as Lazard Brothers, Smith New Court, Panmure Gordon or Cazenove, have retained or increased market shares at the expense of the more ambitious conglomerate agencies.

In at least two areas, fund management and stock lending, the new integrated securities firms and investment banks have insisted on strict separation with virtually no contact between the investment and stock lending parts. Such moves, the result of increased customer awareness and the requirements of the new Financial Services Act, have given fund management clients an improved level of protection.

But few firms, S.G. Warburg is a partial exception - have taken the next step of admitting the absence of any synergy (except in their common use of a City brand name) and selling or floating off their fund management operations to confirm their independence. Even operational independence may not be enough to assure clients. Some of the larger commercial banks, such as Midland and Citicorp, have lost corporate banking customers facing hostile bids because the holders have been advised by their corporate finance departments.

The more difficult issues arise in the policing of boundaries between departments whose operations cannot be completely segregated, except by undermining the entire rationale for their existence. The more difficult issues arise in the policing of boundaries between departments whose operations cannot be completely segregated, except by undermining the entire rationale for their existence.

James Capel, the strongest stockbroking research firm, recently recommended - too optimistically it transpired - shares in National Home Loans, a new company sponsored by its fledgling corporate finance department. More recently, the company's analysts strongly recommended - too optimistically it transpired - shares in National Home Loans, a new company sponsored by its fledgling corporate finance department.

Several serious flaws in the Chinese wall arrangements. Mr Dobbie has to give the international advantage and Stock Exchange regulators believe the practice should end.

What happened next exposed several serious flaws in the Chinese wall arrangements. Mr Dobbie has to give the international advantage and Stock Exchange regulators believe the practice should end.

Mr John Chiene, when he took over as CNW chairman in January, was warned about the dangers of a breach of Chinese walls if he imposed the traditional Wood Mackenzie structure of teams of salesmen and market-makers - and some research analysts - in the same building, working in close physical proximity to each other.

The GrandMet incident has revealed such safeguards to be an illusion. Mr Keen overheard the crucial telephone conversation only because of the physical proximity of his desk. Even if he had followed the advice he was given, his position would have been seriously compromised if, for example, an insider had telephoned to deal in GrandMet shares.

Mr Keen overheard the crucial telephone conversation only because of the physical proximity of his desk. Even if he had followed the advice he was given, his position would have been seriously compromised if, for example, an insider had telephoned to deal in GrandMet shares.

An different safeguard, used by several US investment banks, would have been to publish a list of restricted stocks in which no one is allowed to take a position, including the market-makers. GrandMet, which have been placed on the list, either a few days before the announcement was made or as soon as Mr Dobbie was informed.

Some UK houses believe such lists merely encourage private insider dealing by alerting employees to the possibility of some activity in some stocks. However, not all sensitive stocks need to be added to the list and US firms typically add many innocuous stocks to confuse the picture.

Because Mr Keen's deals were carried out only 10 to 20 minutes before the announcement, they were immediately picked up by the Stock Exchange's surveillance department, which systematically monitors transactions in a stock before an important announcement. The deals also provoked complaints from other market-makers.

The second insider dealing case to come to light says less about Chinese walls and more about the enhanced effectiveness of the regulators since Big Bang. In this case, the investigation was prompted by an anonymous telephone call to one person with regulatory responsibility, who advised him to examine the deals of Mr David Gray, an equity selection

man of two years' standing with Morgan Grenfell Securities. In the pre-Big Bang era, following up such a tip-off would have required weeks of ploughing through piles of paper recording bargains. As a result, many similar tip-offs were abandoned through lack of manpower. Over the last two years however many securities firms and the Stock Exchange surveillance department have been able to interrogate computerised databases of deals carried out. The Stock Exchange database covering every bargain transacted through the exchange includes the name of the broker, the firm behind each bargain and its client reference number. Users of the database can obtain a print-out of all the deals carried out under a particular client reference number for the last four years.

The weakness at Europe's centre

THE DEAL STRUCK by Stalin, Churchill and Roosevelt on the post-Second World War carve-up of Europe, reflecting as it did the requirements of the superpowers rather than those of the Europeans, has proved surprisingly durable.

Held in place by a blend of American money and military muscle on one side and by Soviet patronage and military muscle on the other, it has kept the European nations firmly aligned in a bi-polar arrangement, suppressing the emergence of any multi-polar network of political alliances crossing the East-West divide.

Alarming prospect Since Yalta, the most common assumption has been that the eventual crumbling of the post-war settlement would start with the re-militarisation of Germany - a prospect so alarming to East and West alike as to be not detectably closer now than in the immediate post-war years. But the blurring of the division between East and West is more likely to start at what might be called the old centre - political and geographical - of the European continent.

The Yugoslavs are past masters at the art of muddling through and may well opt to continue doing so. The risk in this course is that it could lead to the emergence of a strong leader with dictatorial tendencies, interference by foreign powers, civil war, or all three.

Since this could bring down much more than the Yugoslav house of cards, it seems unlikely at this stage that anyone will wish, or be permitted, to force a climax. But this is no time for any of the interested parties, within the East, the West or the Yugoslav federation, to take their eye off the ball.

The whistle blowers

Here's a tip for insider dealers. If Wilkinson and Felton come calling, my advice would be to say "It's a fair cop, gov," and go quietly.

Bob Wilkinson is the City of London's policeman. He wears two hats, one as Director of the Securities Association enforcement agency, the other as head of the Stock Exchange's Surveillance Department. His job is to see to it that the City is squeaky clean and, where it's not, to send in the Felton, head of the 12-strong Insider Dealing Group, the market's own SWAT team, to investigate.

The two took time off yesterday from harrying around the Pleasurama caper to talk about what it's like policing the City after Big Bang.

OBSERVER

Wilkinson's secret ambition is to persuade the industry to set up a securities Interpol with "hot pursuit" powers. For the time being, he contents himself with weekly calls to his counterparts at the SEC, Canada and Australia.

As far as the celebrated Chinese walls are concerned (you remember, they're the ones which, post-Big Bang, are supposed to keep take-over planners and market makers apart) Wilkinson displays a healthy scepticism. "Chinese walls don't exist. All they are is a set of moral principles so they're as good as the people behind them."

And how good are they? "No worse than in any other industry," he adds. "The big difference is that, where the City is concerned, there are many more thoughts after each number."

Japanese speak

My spies at the convention also tell me that Congressman Richard Gephardt of Missouri has begun learning Japanese. Gephardt, who based his failed Democratic presidential bid on a tough trade platform, presumably feels he would make a perfect US ambassador to Japan in a future Dukakis Administration.

George Bush has friends and then he has "Friends". Notable among the first category I would include some of those who did not turn up for the Republican jamboree in New Orleans. They include Larry Speakes, President Reagan's former press spokesman who resigned his \$500,000 post at Merrill Lynch after disclosing that he made up quotes for the President; Ed Meese, who has just stepped down as US Attorney General after months of criticism of his ethical conduct; and Michael Deaver, the former White House image maker convicted of perjury over his lobbying activities.

Prominent among the latter is former Arizona Governor Evan Mecham who was impeached for obstructing a state investigation into an

Odd numbers

The Paris-based OECD has joined the queue of complainants about the quality of Britain's economic statistics. In yesterday's review of the UK, the organisation noted that its projections were "mutually clouded by the poor quality of UK economic data."

One insider noted recently that Mr Pickford was "on a hiding to nothing" in chairing the review. Entrenched interests do not want to see any change to the current and unsatisfactory state of affairs. Perhaps the OECD's intervention will prove timely.

So to speak

Card in a West London shop window: "Young married couple urgently require unfurnished flat suitable for two adults with small child or something similar."

Japanese speak

Mr. George, can I have a word...

alleged death threat against a former aide and infuriated black voters by banning the federally-observed Martin Luther King day. "If I can help the Bush people, I'll do it," he said yesterday. The phone probably won't stop ringing.

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Canadian Imperial Bank of Commerce
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US \$100,000,000 16 3/4%
Debentures due October 15, 1991
The Debentures will be redeemed at 101 3/4% of their principal amount plus interest accrued to the redemption date.

Handwritten scribble at the bottom of the page.

Crime in the Soviet Union is at once rising and becoming harder to define.

In some respects, the issue is clear enough — as in the case of drug-related crime, about which much is now being written and said.

Drug "mafias" — described as flourishing on "corruption, social inactivity and the vulnerability of the individual" — are now regularly exposed in the Soviet press.

Crime also includes corruption, and there are routine stories of highly placed party officials, often in the leadership of the autonomous republics, using their position for self-enrichment.

Also, next month Yuri Churbinov, the son-in-law of the former Soviet leader Leonid Brezhnev and First Deputy Interior Minister until his father-in-law's death in 1982, is on trial charged with taking bribes and corruption.

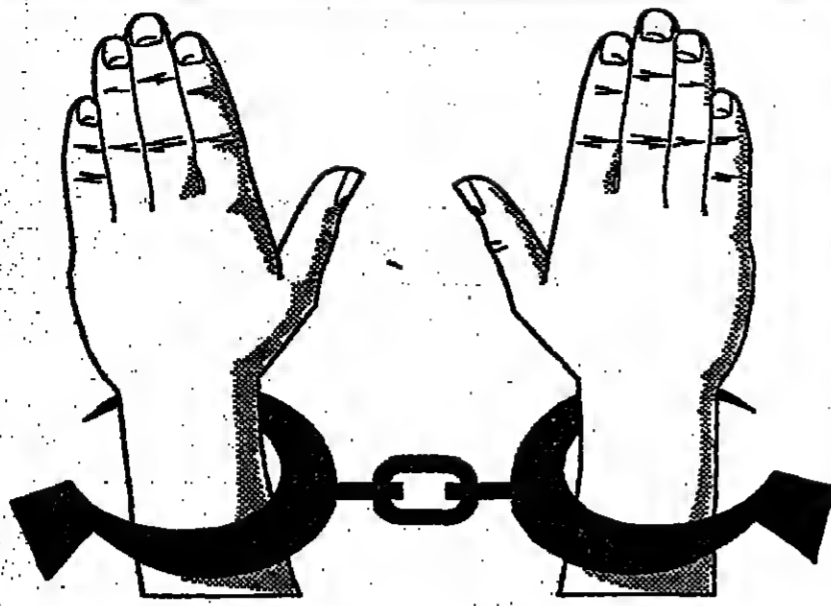
The clean-up began under the leadership of Yuri Andropov, Brezhnev's successor — who, as a former KGB chief, might have been expected to know where bones and cash were buried. It appears to have intensified under Mikhail Gorbachev.

It is sometimes hard to remember that much of this discussion is new in the Soviet Union — not just new to the press, but, it seems, new to officials.

In a fascinating recent interview in Literaturnaya Gazeta with A. Gurov, a militia lieutenant-colonel, it emerged that a criminal fraternity first appeared in the 1930s bonded by experience in Stalin's labour camps.

Operating both in the black market and in criminal activities, the bosses grew rich, hired bodyguards, arranged assassinations and corrupted officials up to very senior levels.

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Hands up for perestroika

Crime is increasing in the Soviet Union. John Lloyd reports

Crime also encompasses petty theft — also on the rise. (Though, according to Gurov, the link between petty and organised crime is strong. As in the West, the petty thieves work under the "protection" of the mafia bosses.)

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by Dr Tatiana Koryagina, an economist working for a research branch of Gosplan, the state planning agency. She revealed that the black market turned over an extraordinary 90bn roubles (285bn annually), that it had created "thousands" of double millionaires and that it enlisted an army of bureaucrats and others to do its work illegally.

Dr Koryagina refused to draw the easy conclusion that such people should be the subject of a police crackdown. On the contrary, "punishing isn't the best way of dealing with the phenomenon." The black market should, instead, act as an example to the official economy, and become part of it.

But can this happen? Last week, the first conference of Moscow's 3,000 co-operators saw speeches from these new entrepreneurs pointing to restrictions on capital, on machinery, on premises and most of all on trading abroad.

And while co-ops are officially trumpeted as the approved medium for enriching the economy, bureaucratic and legal attitudes lag badly. Mr Y.M. Lurzhkov, Chairman of the co-op commission on Moscow City Council, told the conference that the movement had attracted some get-rich-quick merchants: exactly the sort of people Dr Koryagina wanted to see brought into the fold.

Co-ops have also, reportedly, attracted the Soviet mafiosi, who offer the fledgling businesses "protection" against fires, theft and worse: events which tend to occur if protection money is not paid.

In his interview in Literaturnaya Gazeta, Lt-Col Gurov said that of 109 co-operatives he and his colleagues had recently interviewed, 81 per cent reported extortion attempts, while 22 per cent mentioned attempts to "launder" criminal cash through the co-ops.

Co-ops have also, reportedly, attracted the Soviet mafiosi, who offer the fledgling businesses "protection" against fires, theft and worse: events which tend to occur if protection money is not paid.

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Britain's Health Service

Finding ways to nurse the NHS to recovery

By Eric Moonman

The debate over the National Health Service is all too often confined to an agonised call for more resources. Yet in spite of the creation of the NHS 40 years ago, no rational basis exists to define what the resource requirements should be.

Resources have never been matched to the health needs of the community. What has been lacking is a coordinated strategy taking into account variations in regional and district requirements and, where resources are limited, alternative methods of funding.

There are only a few funding choices. General taxation accounts for 55 per cent of NHS revenue; another way of obtaining national taxes would be to earmark certain sums, such as a proportion of income tax rates, or a new tax on the lines of VAT or National Insurance, for the NHS.

Another level of choice is the distribution of finance — between the NHS and the private sector as well as the allocation between regions and between districts. The controversial question of waiting lists could be met head on by helping district health authorities buy services from other districts and sell them on a much wider scale than now.

Patients, through their GPs, should be able to choose their hospital, even outside their locality. A national health service should not end at the borders of a district.

If they are to help patients avoid endless waiting lists and travel to neighbouring districts, which already happens, GPs will need a computer bank to identify vacancies.

The concept of working across district boundaries has been hit rather badly with the recent strain on resources. City and Hackney District Health Authority, for example, has blocked GP referrals for the immediate area which comes under its authority.

newborn babies. Full implementation of an internal market system would result in competition for patients and this would have to be weighed against the need to observe local priorities.

A comprehensive internal market would be a constant force for efficiency. Less efficient district health authorities would find they suffered financially through cross-charging and would be compelled by the market to improve their service. Management would be encouraged to use all surplus NHS capacity and efficient authorities would be rewarded.

There have been some hiccups locally with the internal market. Three London heart hospitals have had to drop a market package which would have reduced the waiting list of any region. Trent Regional Health Authority is worried about extending its own waiting list. This does not alter the force of my earlier argument. It makes it all the more necessary to try out more internal marketing and then to monitor the process, its shortcomings and successes.

Orthopaedic departments in Bath, Hastings and Eastbourne have employed managers to ensure their facilities are used at maximum capacity. Hospitals in Kent contracted Guy's in London two years ago to take some of their patients.

In south Birmingham, ear nose and throat surgeons took over every theatre in the district for a fortnight, with the agreement of the other surgeons, and worked night and day to dent the exceptionally long waiting list for this speciality. Surgeons at St Bartholomew's Hospital in London cleared more than 180 children from the waiting lists for tonsil operations by taking over operating theatres at the London Independent Hospital last month.

Many hospitals have done deals with the private sector to take over a set number of operations. In Wales, renal dialysis for the NHS is now

done by two private medical firms at consistent savings to the service and benefit to the patient.

A comprehensive internal market system would bring an element of competition into the NHS without changing its essential nature as a provider of free health care for all. Indeed the full use of internal markets would extend this concept by providing a better service through fuller use of available resources and by extension of consumer choice.

There will still be complex issues to resolve. There are, in effect, waiting lists for services for the mentally ill and the handicapped as well as for acute services. If a cross-boundary flow is to be automatically "paid for," then a district may be forced to choose between community, elderly and priority services.

Revenue generation is much talked about nowadays at health authority management meetings. However, it will not succeed without entrepreneurial management.

There are modest examples throughout the country of shops and services established to raise revenue. The Central Manchester Authority has a wide range of activities, including petrol stations, an optician's shop and even a funeral business. The optical service charges are below the local market rate and yield an annual income of £50,000.

The NHS, in common with so many other British institutions, finds fundamental change difficult. It is a "top-down" organisation and its processes of financing and policy formulation are far too centralised. As a result, the NHS is often insensitive to consumer needs.

The answer is not to impose another unwanted administrative reorganisation. The aim should be to make the system more flexible and efficient. I believe the creation of an internal market would do that.

The author is the chairman of an inner-London health authority.

LETTERS

'Mr Keating is fighting a two-headed monster'

From Mr Peter Frankel. Sir, There is one serious flaw in the article in the Organisation of Economic Co-operation and Development (OECD) report on Australia (FT report, August 10).

Mr Paul Keating, the Australian treasurer, has indeed achieved a remarkable turnaround: from domestic deficit budgeting — over more than three decades — to a surplus. This is very much to his credit. But by himself he cannot change Australians wanting to work less for more pay, while failing to understand that their country has been overspending since 1972.

The flaw in the report is that it refers twice to an improvement in the Australian economy because of the significant depreciation of the Australian dollar. One must wonder how long the depreciation (which occurred well over two years ago) is going to be quoted as a

catalyst for the Australian economy. In fact, the Australian dollar has been steadily increasing its value, especially in terms of the US dollar, over the last six months; an increase driven purely by speculation which has made the Australian dollar the fifth most traded currency in the world.

Even the basket of currencies has appreciated well over 10 per cent against its low: a very serious situation in any recovery, however efficiently planned.

Little is being said about the overseas borrowing of Australian entrepreneurs, and the fact that the service borrowings in foreign currency. This is a severe burden on Australian overseas commitments; and part of the reason for the continuous debt increase.

The OECD urges Australia to pursue the "local content" scheme, and almost abolish protection in textile, clothing and footwear. This may seem like a good idea to economists who have never pro-

duced or sold anything, but it would be the wrong medicine for a country which needs to improve its exports of manufactured goods so as not to be wholly dependent, once again, on agriculture and mining.

As long as the European Community has its common agricultural policy (CAP) in place, so long as the Japanese still restrict the free flow of their own economy by artificial means, as long as the US fights the European subsidies with its own export enhancement programme (EEP), a small country like Australia, which depends so much on the activities of the big seven, must be allowed to maintain some protection in order to enhance opportunities to broaden its manufacturing base.

Furthermore, OECD economists do not seem to remember (if they ever knew) that Australia has no means of moving its goods except by ship and, in a very small way, by air. It is therefore at an enormous disadvantage compared to other

countries which can move exports by train, by barge and by truck as well as by sea. (You could say that Japan has the same problem, but the comparison would be unfair, taking into consideration the population and the structure of Japan compared to Australia.)

What the OECD should say is that Mr Keating is fighting a two-headed monster. If he reduces interest rates to reduce speculation in the Australian dollar, then inflation cannot be brought under control. If, on the other hand, the situation remains as is, the speculation-driven Australian dollar will make and sell them. He would like to become a co-op but he cannot find premises: until he does, he cannot get a licence to sell. So he exists in the grey zone — lauded in the abstract by the press, subject to police action if discovered. In the socialist market economy, words still move faster than deeds.

Peter Frankel. Caixa Postal 1081, Marginal-Casacas, 2751 Casacas Codes, Portugal.

A privatised BTG might not cope with its statutory functions

From Mr David Sowers. Sir, It is interesting that Mr Colin Barker, chairman of the British Technology Group (BTG), should emphasise the little emphasis on the BTG's role as a provider of capital for the initial development of inventions (Letters, August 12).

This "seedcorn" capital is often spent, as Mr Barker says, to improve the licensing prospects of an invention — which may mean developing it to a stage at which it might interest a venture capital fund. A majority of inventions handled by the BTG seem to receive such development; in 1986-87, for example, 150 patent rights were assigned to the BTG and 95 new projects were started for the further development of such patents.

It thus seems that more than two-thirds of patents were subject to further development; if

there was more than one patent to a project, the proportion given further development would be higher.

The BTG is the only regular and significant supplier of finance for this initial development work, which helps to establish whether an invention is technically feasible and has commercial potential. Universities depend on the BTG for most of the finance they need for this early development of inventions.

It is a form of finance that the venture capital companies have not yet provided in significant quantities. Academic and other independent investors may feel concerned that the BTG would be less interested in providing such finance if it was privatised, and wonder if it is significant that Mr Barker's letter placed little emphasis on this part of the BTG's

activities. His stress on the "wholly commercial basis" of the BTG's work seems to represent an emphasis on one part of the responsibilities of the BTG, as set out in the Development of Inventions Act of 1967, which provides the legal basis for the BTG's existence.

The BTG's functions are to secure the development or exploitation of inventions resulting from public research, and of any other invention that is not being developed or exploited, or sufficiently developed or exploited, to obtain and deal in rights in inventions; and to promote and assist research, and to assist the continuation of research, if it is expected to lead to an invention. Its financial duty is to meet its outgoings on revenue account from its income, taking one year with another,

in so far as this outcome is consistent with the fulfilment of its main functions.

The BTG's objectives do not therefore include wholly commercial activities, and they are very much concerned with ensuring the development or exploitation of inventions which the market is neglecting.

The question to be answered before the BTG is privatised is whether its purposes can now be fulfilled by commercial undertakings. The available evidence suggests that the market is not fulfilling these purposes, and that a privatised BTG might not fulfil them effectively, because other activities might seem more profitable — as the market appears to have concluded. David Sowers, 10 Seaview Avenue, Angmering-on-Sea, Littlehampton, West Sussex.

Covenants are now kept

From Mr A.J. Patel. Sir, I should like to make it clear that the case referred to in the article you published on August 6 related to the company under previous management. New management under

my leadership took over on March 31 1987, and it is now company policy to adhere to all covenants in leases. A.J. Patel, Phoenix, 150 Chiswick High Road, W4

Figures can be deadly

From Mr Melville Johnston. Sir, I was interested to read an advertisement (FT, August 11) requiring a young chartered accountant with "first class communication skills". Presumably this must mean

the ability to "knock 'em dead" with every presentation he/she gives. Melville Johnston, Lindford, 84 Meace Lane, Barnet Green, Worcester-shire.

NEW INTEREST RATES

Increased by % p.a.	PERSONAL LENDING	Interest rate % p.a.	Annual percentage rate %
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With effect from 16 August 1988

1.00	HomeOwner Reserve	15.00	15.80
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Gross interest % p.a.	OTHER RATES	Net Interest % p.a.	Gross equivalent to a basic rate taxpayer % p.a.
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With effect from 16 August 1988

	Clients' Premium Deposit Account		
9.50	£25,000-£99,999	7.29	N/A
10.00	£100,000+	7.68	N/A
5.86	Home Management Account	4.50	6.00

With effect from 14 September 1988

4.76	Save and Borrow Account	3.65	4.87
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INTERNATIONAL COMPANIES AND FINANCE

JC Penney sees recovery after mid-term setback

By Martin Stanbridge in New York

J.C. PENNEY, the large Dallas-based department store and mail order group, yesterday reported a 21 per cent fall in second-quarter net profits to \$11m or 61 cents a share, from \$16.3m or 88 cents in the same three months of 1987. Sales slipped to \$3.21bn from \$3.41bn.

Mr William Howell, chairman, said the company expected sales and operating results to improve in the second half.

"Inventories are in excellent condition and we have the flexibility to take advantage of the buying opportunities in fashionable merchandise offerings for the fall and holiday selling seasons. The catalogue operations continue to record outstanding results," he said.

Looking to the results of the retail operations, Mr Howell said gross margin as a percentage of sales increased slightly in both the quarter and first

half. Gross operating profit, however, declined in both periods as a result of an intensely competitive environment, in which markdown and promotional activity increased, particularly in women's sportswear.

Selling, general and administrative expenses continued to be well controlled, Mr Howell said, and were about the same as last year in both periods. However, expenses as a percentage of turnover rose because of the sales decline.

For the first half, net earnings of the group - which sold its New York headquarters building for \$325m in March - were \$22m or \$1.57, up from \$15.7m or \$1.04 previously.

The 1987 profits were struck after a pre-tax charge of \$16m for relocating its head office in Dallas. Penney estimates the gain on the sale of its Manhattan building to be \$150m after tax, and will include the figure at the year-end.

The company's shares failed to respond to the figures and at midday were unchanged at 347 1/2.

In contrast, Dayton Hudson, the US department store group, reported improved second-quarter results, which it attributed to strong inventory and expense control.

The retailer reported second-quarter earnings of \$38.5m or 54 cents a share, up from \$33m or 47 cents a year ago. For the six months, net earnings were \$59.3m or 70 cents, against \$61.1m or 83 cents, on revenues of \$3.2bn against \$3.4bn.

Inventories at all of our companies are in good shape, and we remain optimistic for the second half of the year," the company said.

Earnings at Dutch bank jump 38% in first half

By Laura Klein in Amsterdam

NMB BANK, the third largest commercial bank in the Netherlands, lifted its net income by a hefty 38 per cent in the first half on robustly higher revenue.

Profits surged to Fl 198m (\$64.5m) from Fl 101m, while earnings per share rose to Fl 12.86 from Fl 8.56. The interim dividend was raised by a generous Fl 1, to Fl 4.50 a share from Fl 3.50.

For the year as a whole, NMB said it expected a "retail-factory" rise in earnings but otherwise made no comment on its results. Last year it posted net profits of Fl 211m.

Operating income climbed 16 per cent to Fl 444m in the first six months, from Fl 384m a year earlier, as revenue rose more than expenses. Turnover increased by 11 per cent to Fl 1.2bn from Fl 1.08bn and costs expanded 9 per cent to Fl 767m from Fl 704m.

Loan-loss provisions at Fl 250m remained at the year-end level.

NMB is the second of the big Dutch banks to report first-half results. Last week, Amro posted a 26 per cent jump in earnings.

US publishers agree to merge

RANDOM HOUSE and Crown Publishing Group, two leading US publishing concerns which are both privately held, have agreed to merge. Our New York Staff writes.

The terms of the deal, under which Random House will acquire Crown, which focuses on mail order publishing, have not been disclosed.

Mr Robert Bernstein, chairman and president of Random House, an offshoot of the family-owned trade publisher Advanced Publications, described the acquisition as "a major step in broadening our long-standing commitment to trade publishing."

Mr Nat Wartels, founder chairman of Crown, will remain in his post and Mr Alan Mirken, Crown's president, will become vice-chairman of Random House.

Chairman raises offer for SII

By Frederick Oram in New York

SYSTEM INTEGRATORS (SII), the California manufacturer of computer systems for newspapers, has received an increased buyout offer from Mr James Lennane, its chairman, and acquisition inquiries from several other parties.

Mr Lennane, who holds 43 per cent of the stock, increased his offer to \$8 a share from \$7.25, giving SII a market valuation of about \$60m.

He has agreed to extend his offer until September 2 while a committee of external directors reviews his bid and alternative purchase proposals.

Mr Jack Bowers, committee chairman, said that SII was holding talks with parties interested in buying the company. The parties were not identified.

Mr Lennane first proposed taking the company private in

late June. He said the pressures on a public company to perform on a quarterly basis "are inconsistent with a strategic requirement to invest in intensive and costly long-term product developments."

Earlier this year the company announced an extensive revamping of its product line, moving it from proprietary hardware and software to industry standard equipment.

Firm rise at Copenhagen Handelsbank

By Hilary Barnes in Copenhagen

COPENHAGEN Handelsbank, the big Danish bank, has increased first-half operating profits by 33 per cent, from Dkr19.7m (\$7.1m) to Dkr65.6m and reported a Dkr645m gain on the value of its securities portfolio.

A year earlier, there was a loss on the portfolio of Dkr137.7m.

Mr Bendt Hansen, chief executive, said the bank had forecast an improved performance this year and was now "well on the way to achieving the goals we set for ourselves in 1988."

However, the results for the year would depend on how bond and share prices developed in the second half. The bank expected to make larger loss provisions in 1988 than last year, Mr Hansen added.

Under Danish accounting procedures, changes in the value of a company's securities portfolio over the year are entered in their entirety into the profit and loss account, whether or not they are realised.

Handelsbank's balance sheet total at June 30 was Dkr123.3bn. The bank said costs had risen 8 per cent in the first half due, to a considerable extent, to investment in new activities.

Handelsbank was placed on "credit watch" by Euroatings, the London ratings agency, last week, to the intense irritation of the bank which said the agency should have waited to see the half-year results.

The credit watch concerned only the rating of the bank's short-term borrowing programme, which currently has the agency's highest rating.

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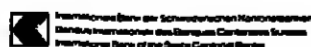
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June 1988

NOTICE TO HOLDERS OF MITSUBISHI METAL CORPORATION

Warrants to subscribe for shares of Common Stock of Mitsubishi Metal Corporation issued in conjunction with an issue of:

(1) U.S. \$100,000,000 7 1/2 per cent, Guaranteed Notes due 1998 (the "1988 Warrants")

(2) U.S. \$200,000,000 8 per cent, Guaranteed Notes due 1992 (the "1992 Warrants")

Pursuant to the Instruments dated 28th November, 1984 for the 1988 Warrants and dated 20th August, 1987 for the 1992 Warrants, under which the above Warrants were issued, notice is hereby given that, because of the issuance of new notes with Warrants on 17th August, 1988, the subscription prices of the above-mentioned Warrants have been adjusted as follows:

1. The subscription prices in effect prior to such adjustment were Yen 700.00 per share of Common Stock for the 1988 Warrants and Yen 882.00 per share of Common Stock for the 1992 Warrants and the adjusted subscription prices are Yen 692.50 per share of Common Stock for the 1988 Warrants and Yen 875.00 per share of Common Stock for the 1992 Warrants.

2. Such adjustment took effect as from 17th August, 1988, Tokyo time, pursuant to Clause 2(vii) of the Instruments.

MITSUBISHI METAL CORPORATION

By: The Bank of Tokyo Trust Company as Disbursement Agent for the 1988 Warrants
By: The Mitsubishi Trust and Banking Corporation as principal Paying Agent for the 1992 Warrants

Dated: 17th August, 1988

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Notice is hereby given that the Rate of Interest has been fixed at 9.25% and that the interest payable on the relevant Interest Payment Date February 17, 1989 against Coupon No. 7 in respect of \$5,000 nominal of the Notes will be \$236.39 and in respect of \$100,000 nominal of the Notes will be \$4,727.78.

August 17, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank



UK BANKING

The Financial Times proposes to publish this survey on:
26th September

For a full editorial synopsis and advertisement details, please contact:

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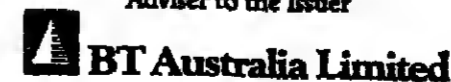
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May 1988

INTERNATIONAL COMPANIES AND FINANCE

Vendex patriarch loses grip of the reins

Laura Raun reports on the battle for power at the large Netherlands retailing group

For the patriarch of any family business, passing on the sceptre to an outsider has never been easy. But for Professor Anton Dreesmann, the aging and ailing chairman of Vendex International who resigned yesterday, it has turned into a bitter struggle over both the future of the Netherlands' leading retailer and what could be the largest Dutch share flotation.

Ostensibly, the battle has been about proposals to scrap 2,100 jobs and sell some holdings in a concerted bid to lift profits and prepare for a possible listing.

Mr Dreesmann argued that Mr Arle van der Zwan, his heir apparent, has proven himself unfit by condoning these proposals. The outgoing chairman had, accordingly, renounced his own hand-picked successor, who would be the first from outside the family.

At the heart of the vitriolic feud, however, is a more fundamental question. Can Vendex continue as a sprawling, loose-knit group of retail stores and commercial services, the weakest link of which is its flagship department store? Or should it sell off some of the anaemic peripheral businesses and focus on its retailing roots in a belated effort to improve profitability?

Vendex's size alone makes it interesting. It is the sixth largest company in the Netherlands with sales of Fl 18.5bn (\$8bn) and earnings of Fl 226m in fiscal 1987-88.

About one-third of revenue is from abroad, where UK and US companies have probably noted that the "break-up value" of its assets apparently exceeds that of the company as a whole.

Mr Dreesmann has said Vendex would go public in 1990, probably through an international placement of the shares held by the founders' descendants and a clutch of other families of Germanic, Roman Catholic origin. But now it is questionable whether the company will be ready.

Rarely in Dutch history has a corporate drama been played out so publicly or so colourfully. Mr Dreesmann is one of the richest men in the Netherlands thanks to his hefty Vendex holdings - nearly 8 per cent of the common shares and almost 14 per cent of the preferred shares plus priority shares.

A professor of economics, he is brilliant, excitable and autocratic. He viewed Vendex as his empire and its employees as his family. The 65-year-old professor suffered a brain aneurysm last year but miraculously recovered, much to the chagrin of his colleagues.



Anton Dreesmann: 'I pulled myself out of the grave. They didn't count on that.'

kind of Dutch compromise is likely but it is difficult to imagine a solution that will completely clear the poisoned air.

Mr Dreesmann has spared no opportunity to discredit his would-be successor. He asserted that some of Vendex's US partners "can't get along with Van der Zwan. They would like to drink his blood."

The supervisory board, which normally wields ultimate power in a limited liability company such as Vendex, has promised to try to settle the dispute this week. Some of the flagships are Vroom & Dreesmann, a classic department store chain. It is flanked by, among others, Claudia Straeter women's boutiques, Dixons film and electronics shops, formerly owned by the UK group, and Perry Sport sporting equipment.

Commercial services range from Staalhanders, the Dutch merchant bank, to Forward employment agencies in the UK.

The battle between Mr Dreesmann and his retailing dynasty on one hand and Mr van der Zwan and the supervisory board on the other goes much deeper than a power struggle. It reflects fundamental problems that must be solved if Vendex is ever to attract public investors.

Operating profit margins are alarmingly low, hovering between 1 per cent and 1.5 per cent for years. Meagre investment levels, lagging automation, inefficient distribution, vague marketing concepts and competition between the group's own stores are to blame.

At the moment, attention is focused on the Vroom & Dreesmann department stores, which have lost around Fl 226m in the past 10 years, according to Mr van der Zwan and the supervisory board. But Mr Dreesmann insists they have made operating profits of Fl 80m with different depreciation costs and property valuations apparently accounting for most of the difference.

What is almost certain is that the stores generate less revenue per sq ft than the industry average. Several factors are to blame. Perhaps the most important is the stores' failure to keep pace with the times, persisting with mass marketing techniques while buyers have become more individualistic. Investments in automation for controlling inventory and combating theft have lagged badly. Employee morale has slipped along with image.

Harris to buy chip operations from GE

By Frederick Oram in New York

HARRIS, THE Florida-based communications equipment maker, has agreed to buy most of the semiconductor operations of General Electric of the US.

The businesses, which GE said were profitable on annual sales of \$550m, consist largely of those acquired in its 1986 purchase of RCA, the US consumer electronics and television broadcasting group. They include plants in the US, Singapore, Taiwan and Malaysia.

The deal also includes Inter-sil, a California company which GE bought for \$235m in 1981 to further its ambitions in semiconductors. GE's subsequent failure to establish a strong position in areas such as mobile telephones and its decision to withdraw from television manufacture have sharply reduced its demand for chips.

GE becomes the second large US electronics group to pull out of chip making recently. Last week, Gould sold its semiconductor division to California Micro Devices for \$70m.

However, GE will retain a chip research and development facility in Research Triangle, North Carolina, and the former RCA defence chip business which is now part of GE's aerospace division.

Terms of the acquisition were not disclosed but industry analysts believe the price was about \$500m. GE has had the assets on the block for some time.

Combining GE's assets with its own chip production will increase its place among US chip makers - from its current slot at nine or 10 - according to Datquest, a California electronics industry research firm.

By Order of the Board, per pro CONSOLIDATED GOLD FIELDS PLC, London Secretaries, Mrs. G. M. A. Gledhill, Secretary.

GOLD FIELDS OF SOUTH AFRICA LIMITED (Incorporated in the Republic of South Africa) PRELIMINARY ANNOUNCEMENT OF RESULTS

DECLARATION OF FINAL DIVIDEND Dividend No. 21 of 135 cents per ordinary share in respect of the year ended 30 June 1988 has been declared in South African currency, payable to members registered at the close of business on 2 September 1988.

U.S. \$250,000,000 Canadian Imperial Bank of Commerce

Floating Rate Subordinated Capital Debentures due 2085 Notice is hereby given that for the six months interest period from August 17, 1988 to February 17, 1989 the Debentures will carry an interest rate of 9 1/4% per annum.

Noranda acquires 10% stake in Falconbridge

By Robert Gibbons in Montreal

NORANDA, Canada's leading resource group, has bought 8.7m shares, or 10 per cent, of Falconbridge, the Western world's second largest nickel producer, for nearly \$320m (US\$166m).

Noranda eventually intends to raise this to at least 20 per cent to allow equity accounting. Noranda was a potential bidder when Placer Dome, the big Canadian gold producer, put its 25 per cent holding in Falconbridge on the block earlier this summer.

Falconbridge itself bought this block of its own stock as part of a C\$800m deal, including acquisition of control of McIntyre Mines.

Storebrand to dismantle 10 finance units

By Karen Fosell in Oslo

STOREBRAND, Norway's largest insurance and financial group, is to dismantle 10 units within Storebrand Finans, its financial group, because of poor performance. The reorganisation will start this year and continue until spring.

For the first four months of this year, Storebrand Finans suffered losses of Nkr41m (\$8m) in contrast to profits of Nkr22m a year earlier.

Starting this September, a total of 400 jobs will be scrapped "on the shopfloor, in administration and in management." Part of this will result from staff turnover but a number of redundancies is foreseen at the end of January.

This restructuring, which will reduce employment at the company's works in the Canton suburb of Zurich to 2,800, follows hefty losses by the group's military products division last year.

Due largely to these losses, net operating deficit rose from SF78.5m in 1986 to SF115.2m (\$74m) last year. The 1988 deficit from armaments operations is expected to be smaller, but the group expects only to come "close to breakeven."

ABN buys into brokerage

By Our Financial Staff

ALGEMENE Bank Nederland, the Netherlands' biggest bank group, has signed a letter of intent to acquire half of closely held Danish brokerage Alicon Borsmaeglerelskab for an undisclosed financial price.

The Danish expansion will enhance ABN's market position within the European Community.

Amsterdam-Rotterdam Bank, which has been leading Dutch banks in their drive for foreign expansion in the run-up to the 1992 EC internal market, earlier this year announced its planned merger with Belgium's biggest banking group, Générale de Banque.

SANYO ELECTRIC CO., LTD. Curaçao Depository Receipts of ordinary shares

GENBEL INVESTMENTS LIMITED (Incorporated in the Republic of South Africa) UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 1988

DECLARATION OF DIVIDEND The following final dividend was declared on 15 August 1988: 140 cents per share

Oerlikon-Bührle to cut 400 jobs By John Wicks in Zurich

US QUARTERLIES ARITHM-TATE Software

TELECOMMUNICATIONS Cable TV

FT FINANCIAL TIMES INTERNATIONAL CONFERENCE 1988

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

De Beers doubles diamond profits

By Jim Jones in Johannesburg

DE BEERS, the South African diamond company, has more than doubled interim diamond profits through a combination of increased sales and favourable exchange rate movements.

"sights." On this basis the CSO's sales amounted to R4.69bn in the first half of this year, R3.21bn in the corresponding period of 1987 and R6.2bn for the whole of last year.

Higher non-diamond investment income and interest receipts were offset to an extent by greater prospecting expenses, and first-half pre-tax profit rose to R1.19bn from last year's interim R639m.

De Beers' own control of the rough diamond market appears to have been consolidated by a Russian decision, disclosed by Mr Ogilvie Thompson, to redirect its sales of rough stones to the CSO rather than selling polished stones.

GFSA suffers pre-tax earnings setback

By Our Johannesburg Correspondent

GOLD FIELDS of South Africa (GFSA), the mining group controlled by Consolidated Gold Fields of the UK, increased its investment income in the year to June 30, but suffered a pre-tax profit decline as administration and prospecting expenses increased and income from management fees and interest slipped.

The group has the largest exposure to gold of all the South African mining houses and generates about 80 per cent of its investment income from gold mining interests.

At present, South Africa's gold mines are suffering from rapid cost increases offset by higher rand gold prices resulting, in turn, from the rand's fall against most currencies.

The year's investment income rose to R227.7m (\$136.4m) from R304.4m and the pre-tax profit was R330.1m, against R336.6m.

Firm prices treble income at Bougainville Copper

By Chris Sherwell in Sydney

FIRMER COPPER and strong gold prices have produced a powerful profits surge at Bougainville Copper, the Papua New Guinea-based subsidiary of CRA, which is in turn 49 per cent owned by Rio Tinto Zinc of the UK.

Commenting on the outlook, the company said earnings in the second half were likely to be lower.

First-half surge at IDB but Hapoalim struggles

By Andrew Whitley in Jerusalem

ISRAEL DISCOUNT Bank, the country's third-ranked financial group, has reported a strong profit surge in the first half of the year.

to most criteria Bank Hapoalim appears to have slowed down considerably. The main improvement was in its own equity, which expanded by 4.8 per cent during the six-month period to the end of June, to \$11.69bn (\$1.04bn).

Matif opens dealing in new stock future

By George Graham in Paris

FRANCE'S MAIN financial futures market, the Matif, is to open dealings in a new stock index future today, speeding up the launch of the new contract in an attempt to head off the new OMF stock index futures market, a competing private initiative.

Net profits at IDB, which had a lacklustre previous financial year, jumped by 45 per cent, from US\$14.9m to US\$27.4m, according to un-audited figures released by the bank this week.

At a time when its rivals are reducing their provisions for doubtful debts from last year's record levels, Hapoalim this week announced an increase in its specific provisions of nearly a quarter, to \$120.2m.

After an exceptionally strong performance in 1987, according

Novel FRN launched by two US brokers

By Our Euromarkets Staff

TWO SECURITIES firms have launched a novel issue of floating-rate notes in the latest attempt to breathe life into the almost moribund market for \$17bn of bank debt that never matures.

Parts of 10 separate issues of perpetual floating rate notes have been repackaged into a \$100m issue of notes to be privately placed among institutional investors, mostly in the US.

Husky Oil to buy rest of Canterra for CS\$374m

By Robert Gibbens in Montreal

HUSKY OIL, jointly owned by Mr Li Ka-shing, the Hong Kong entrepreneur, and Calgary's Petro-Canada, plans to buy for CS\$374m (US\$262m) all the shares of Canterra Energy it does not already own.

LTV given more time to reorganise

By Our Financial Staff

LTV, the US steel, aerospace and energy group which has been operating under Chapter 11 of the US bankruptcy code since July 1986, said a US bankruptcy court has extended the company's exclusive right to file a reorganisation plan until December 2 this year.

Eurodollar issue prices rally after early plunge

By Dominique Jackson

THE SHOCK of yesterday's US July trade figures, which were far worse than most Eurodollar bond prices tumbling in line with falls of up to a full point in the US Treasury market.

Dealers were taken by surprise by the data, which showed a larger than expected \$12.54bn trade deficit for June - median expectations for the shortfall were around \$11bn.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Bond Name, Issued, Mtd, Offer, Day, Week, Yield, and other financial metrics. Includes entries for US, UK, and various international bonds.

Table with columns for Bond Name, Issued, Mtd, Offer, Day, Week, Yield, and other financial metrics. Includes entries for various international bonds.

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Advertisement for Browning-Ferris Industries, Inc. featuring a large headline 'U.S. \$200,000,000' and a list of financial institutions including Credit Suisse First Boston Limited, Algemene Bank Nederland N.V., and others.

Advertisement for Saeahan Media, a South Korean videotape manufacturer, detailing its expansion into Europe and listing agents like National Westminster Bank Group and Swiss Bank Corporation.

UK COMPANY NEWS

Stoking the flames of acquisition

David Waller looks at Pilgrim House's latest fire protection expansion

LORD HANSON has such a formidable reputation as a wheeler and dealer in companies that anybody buying one from him is automatically deemed to have paid too much.

But Mr Roger Pinnington, chief executive of Pilgrim House Group, rejected any such suggestion yesterday as he explained the rationale behind his company's \$283.75m (£149.5m) acquisition of the Kidde Fire Protection Group.

Not only was the price well within Pilgrim's target range, he said, but the negotiating process was far from one-sided.

"In fact, we taught Hanson a thing or two," he claimed. "Their team found the whole thing very invigorating."

For Pilgrim - the former RHP Group - the acquisition is the most significant move in a process of realignment which began in December last year. It was then that RHP shed its traditional hall bearings business and declared its intention to become an international electronics group.

Only weeks afterwards, it made a move in this direction with an agreed bid for the

acquisitive Burgess Group, an electronics group built up by Mr Bob Morton, the entrepreneurial accountant. At the time, Mr Morton took all the credit for a £250m merger which he described as a "reverse takeover".

There was much talk that RHP would be renamed Burgess, and that the enlarged company would become the vehicle for Mr Morton's own acquisitive aspirations, whilst Mr Pinnington would take a back-seat role as the man in charge of operations. This was never to be: some weeks later, skeletons were discovered in the Burgess cupboard, and the acquisition had to be re-negotiated. The value of Burgess was knocked down, and Mr Pinnington won the management ascendancy.

He has been waiting to assert his authority - especially in the area of acquisitions - ever since. Yesterday, he did so, and Mr Morton was nowhere to be seen.

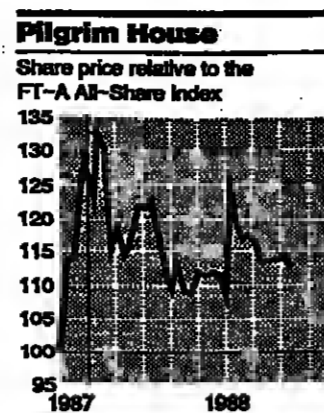
When Mr Pinnington severed RHP from the bearing business, he said that the company would concentrate on a number of high-growth, high-tech

niche markets, not least of which was that for equipment capable of detecting and suppressing fire. RHP had first moved into this area in 1986 with the purchase of Gravinor, and had consolidated its position with the purchase of the Minneapolis-based Det-Tronics, in October last year.

The acquisition of the Kidde businesses creates a division with combined sales of around £200m. "It moves us well and truly into the world arena, and gives us market leadership in the US, the world's largest market," Mr Pinnington said yesterday.

On the face of it, the acquisition looks expensive. Operating profits at the Kidde Fire Protection Group amounted to \$28.1m (£15.3m) in the last calendar year, suggesting a historic exit multiple of between 15 and 16. Moreover, the offer is pitched substantially higher than the book value of \$65m (£37.5m), creating a 292m of goodwill.

But, according to Mr Pinnington, the synergies are enough to ensure earnings dilution for Pilgrim or no more than 4 to 5 per cent in the year



to September 1988. This is not taking into account the effect of disposals, which could raise between £40 and £50m: Pilgrim calculates that borrowings, which will rise to 83 per cent of shareholders' funds on completion of the deal, will be all but eliminated by the end of the year.

Synergies are manifold. Gravinor and KPFG serve many of the same customers in the aircraft, industrial and military markets. Costs can be eliminated by removing duplication of engineering facilities, and

sales stimulated by introducing KPFG products to Gravinor customers and vice versa.

Mr Pinnington says that KPFG has been left alone by Hanson since the Kidde acquisition a year ago and that it will respond to investment on the one hand and the introduction of stricter financial discipline on the other. Operating margins and return on capital employed at KPFG are substantially lower than those obtained at Gravinor.

Strategically, the logic for the acquisition seems unquestionable. More importantly, perhaps, the transaction unquestionably bears all the hallmarks of Mr Pinnington's rather aggressive management style.

However, some City analysts expressed disappointment that Pilgrim had not chosen to support at least the vendor placing element of the purchase consideration with a dividend forecast. Not only are investors facing the prospect of mild earnings dilution - but as a result of the goodwill created by the acquisition, asset backing will fall from 110p to 60p per share.

Depressed markets leave Rea Bros well down midway

By David Lascelles, Banking Editor

REA BROTHERS Group, the small City merchant bank, saw a sharp fall in profits in the first half of this year because of the depressed financial markets.

Pre-tax profits amounted to £400,000, down from £1.1m in the same period last year. There was also an extraordinary credit of £331,000 resulting from the sale earlier this year of the group's insurance broking subsidiary. The interim dividend is being cut to 0.25p per share compared to 0.65p last year.

Sir John Hill, the chairman, said: "Results have been

affected by low levels of activity in a number of markets in which the company operates, however the board is now seeing encouraging signs of increasing turnover."

He said that rationalisation and cost reduction programmes had been implemented by the new chief executive, Mr Tony Hall, and a new computer system was being installed. "These changes will begin to yield benefits in the second half," he said.

Following the decision of Finsbury Asset Management, Rea's largest shareholder with 36 per cent, to support its

development plans as a private bank, Sir John said "the board looks to the future with confidence."

Finsbury is headed by Mr William Salomon, the son of Sir Walter Salomon, who founded Rea Brothers.

Earlier this year, Finsbury sought advice as to whether it should continue with its present ownership arrangements. After deciding to continue, Finsbury voted against a dividend distribution in May, declaring that it thought the money would be better retained to develop the group.

Sale Tilney will suffer profit shortfall midway

By Philip Coggan

SALE TILNEY, the financial services and food processing group, yesterday announced that its pre-tax profits for the six months to May 31 would be marginally below last year's £2.2m.

Mr Charles Innes, the finance director, said the financial services companies had suffered because of the crash, and the rest of the group had been unable to compensate for the profits shortfall. It was too early to comment on the likely results for the full year.

The profits estimate accompanied the announcement of the £3.5m acquisition of Spraybake, which supplies paint spray booths to the automotive refinishing industry. Sale Tilney's industrial division already supplies electrostatic filters to the motor industry.

Spraybake made pre-tax profits of £819,000 in the year to September 30, 1987 and £1.1m for the nine months to July 1 1988. The acquisition is being financed by a vendor placing of 1.73m shares.

US software expansion for Kalamazoo

By Ray Bashford

Kalamazoo, business systems and services group, has reached agreement for the purchase of a 62 per cent holding in Great American Software, New Hampshire-based accounting software products group.

The Birmingham-based company is paying an initial \$1.7m (£1m) cash for the stake which values Great American at \$2.5m. The outstanding shares will be held by the two founders of the company who may dispose of their holdings under an agreement exercisable after three years.

Kalamazoo will also subscribe for £1.5m of the company's loan capital.

Mr T S Garner, chairman, said that the purchase would provide Kalamazoo with a much sought-after US distribution network for its existing products.

Microvitec advances 77%

MICROVITEC, USM-quoted manufacturer and distributor of micro electronics related products, has achieved a 77 per cent rise in profits in the first half to June 30. The taxable figure of £929,000 compared with £525,000 in the first half of 1987. Registered turnover ahead 36 per cent from £10.05m to £13.66m.

Export sales (excluding the US) rose 55 per cent to £1.1m. There was a £100,000 pre-tax

contribution from the US. Volume shipments of the Series 7 Auto-scanning monitor and higher sales to pc-based CAD applications also helped the result.

The directors said the company had recently won a substantial UK contract to supply terminals and also a US contract for a major dealing room application. Sales from these contracts are expected to become effective in the fourth

quarter. The directors warned, however, that they expected turnover in the second half to be lower, mainly due to fulfilling a backlog of orders to the financial services market in the first half.

In the period under review, the cost of sales rose to £9.61m (£7.05m). Tax took £225,000 (£180,000). The interim dividend is being raised from 0.5p to 0.75p on earnings up nearly 70 per cent at 2.2p (1.3p).

Parkfield buys British Rail foundry for £2m

By Andrew Hill

PARKFIELD GROUP, the conglomerate with interests ranging from foundries to video distribution, has bought Horwich Foundry from British Rail for £2m in cash. The acquisition provides Parkfield with a number of long-term BR supply contracts.

Horwich manufactures and sells brake blocks, brake drums and iron castings, mainly to BR, but also to other

railway customers.

The foundry, formerly the Horwich Works of British Rail Engineering (BRE), only became a separate trading entity on January 30, when it had net assets of £7.1m.

Parkfield said yesterday it appeared, from the limited information available, that Horwich had not traded profitably in the past.

First Scottish American improves

First Scottish American Trust has reported net asset value at July 31 1988 of 483.7p (xd), compared with 466p at January 31 and 62.6p a year earlier. Revenue in the first half, after charges and tax, was £2.51m, against £2.49m, for earnings per share of 7.88p (7.82p).

The interim dividend is raised by 20 per cent to 6p and the directors expect a similar rise for the full year to 16.8p. They said that during the period under review they had reinvested some of the funds released by the sale of some equities last autumn.

Lynx to cut borrowings via rights issue

By Philip Coggan

Lynx Technology is raising up to £735,000 via a two-for-one rights issue to reduce borrowings and provide scope for expansion via acquisition. Around 7.35m shares are on offer at 10p each, compared with last night's closing price of 45p.

The issue is being partly underwritten by Mr Frederick Porter and Mr Roderick Halsey who built up the Fads catering chain in the 1970s.

The pair will end up with a stake in the enlarged group of between 25 per cent and 29.99 per cent.

Lynx yesterday revealed that pre-tax profits for the year to March 31 were £213,000 on turnover of £3.04m. Although this represented an improvement on last year's £138,000 loss, the outcome was well below the £400,000 Lynx forecast when it joined the Third Market in July 1987.

Mr David Taylor, managing director, said that the shortfall was caused by lower-than-expected sales of Janesafe, an electronic safe designed for use in hotel rooms. The majority of turnover continued to emanate from television audience measurement equipment.

Mr Peter Stevens has decided to resign from the post of chairman. It is proposed that the company's name be changed to Lynx Group.

This announcement appears as a matter of record only.



Dartford River Crossing Limited

£1,000 share capital subscribed by

- Trafalgar House PLC
- The Prudential Assurance Ltd
- Kleinwort Benson Limited
- SFE Bank Ltd
- £34,000,000 subordinated loan stock
- £30,000,000 loan stock

placed by Cazenove & Co.

£85,000,000 syndicated project finance facility

arranged and managed by Bank of America International Limited

co-managed by Midland Bank PLC Toronto Dominion

Financial Adviser to Dartford River Crossing Limited

Kleinwort Benson Limited

August 1988

PRICEWATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION present:

CAPITAL MARKETS WORKSHOP

The risks involved in trading often complex instruments in the capital markets are very clear and the events of last Autumn make the problems even more immediate. In these workshops a panel of Price Waterhouse and banking industry experts examines the risks and explains how they can be managed successfully.

For further information on these case-study based programmes please return this advertisement with your business card to:

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7-9 NOVEMBER - 7-9 DECEMBER

Price Waterhouse

FT FINANCIAL TIMES CONFERENCE ORGANISATION

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any shares.

Application has been made to the Council of The Stock Exchange for all the issued and to be issued share capital of Wilshaw PLC to be admitted to the Official List. It is expected that the existing issued ordinary shares and the new ordinary shares to be issued will be admitted to the Official List on 19th August 1988 and that dealings will commence in the existing ordinary shares and the new ordinary shares, all paid, now being issued by way of the rights offer, on 22nd August 1988.

WILSHAW PLC

(Incorporated in England under the Companies Act 1929, registered No. 335207)

Application for admission to the Official List of 68,716,581 ordinary shares of 5p each including 7,994,859 new ordinary shares of 5p each issued by way of a rights offer by

McCaughan Dyson Capel Cure (UK) Limited

SHARE CAPITAL

Issued and to be issued fully paid £3,435,829

Authorised £5,000,000 in ordinary shares of 5p each

The principal activities of the Wilshaw group are the manufacture of construction, building, specialist metal and industrial products and the distribution of spare parts for agricultural machinery.

Listing particulars relating to the Company are available in the Extel Statistical service. Copies of the Listing Particulars can be obtained during normal business hours from Company Announcements Office, The Stock Exchange, 46/50 Finsbury Square, London EC2A 1DD; until 19th August 1988 and from the following offices until 31st August 1988.

McCaughan Dyson Capel Cure (UK) Limited, Wilshaw PLC, 65 Holborn Viaduct, London EC1A 2EU. 28-38 Deaborough Street, High Wycombe, Buckinghamshire HP11 2NR.

Member ANZ Group, Member of The Securities Association

17th August, 1988.

UK COMPANY NEWS

Bid marks latest move in US expansion

Hawker Siddeley makes \$50m offer for Dranetz

By Philip Coggan

HAWKER SIDDELEY, the electrical and mechanical engineering group, has agreed to make a \$50m (\$28m) cash tender offer for Dranetz Technologies...

Hawker Siddeley is offering \$10.50 per share in cash and has received agreements to sell from holders of 52 per cent of Dranetz shares...



Sir Peter Hazendell, chairman of Hawker Siddeley

Blagden rights and acquisition as profits grow 34%

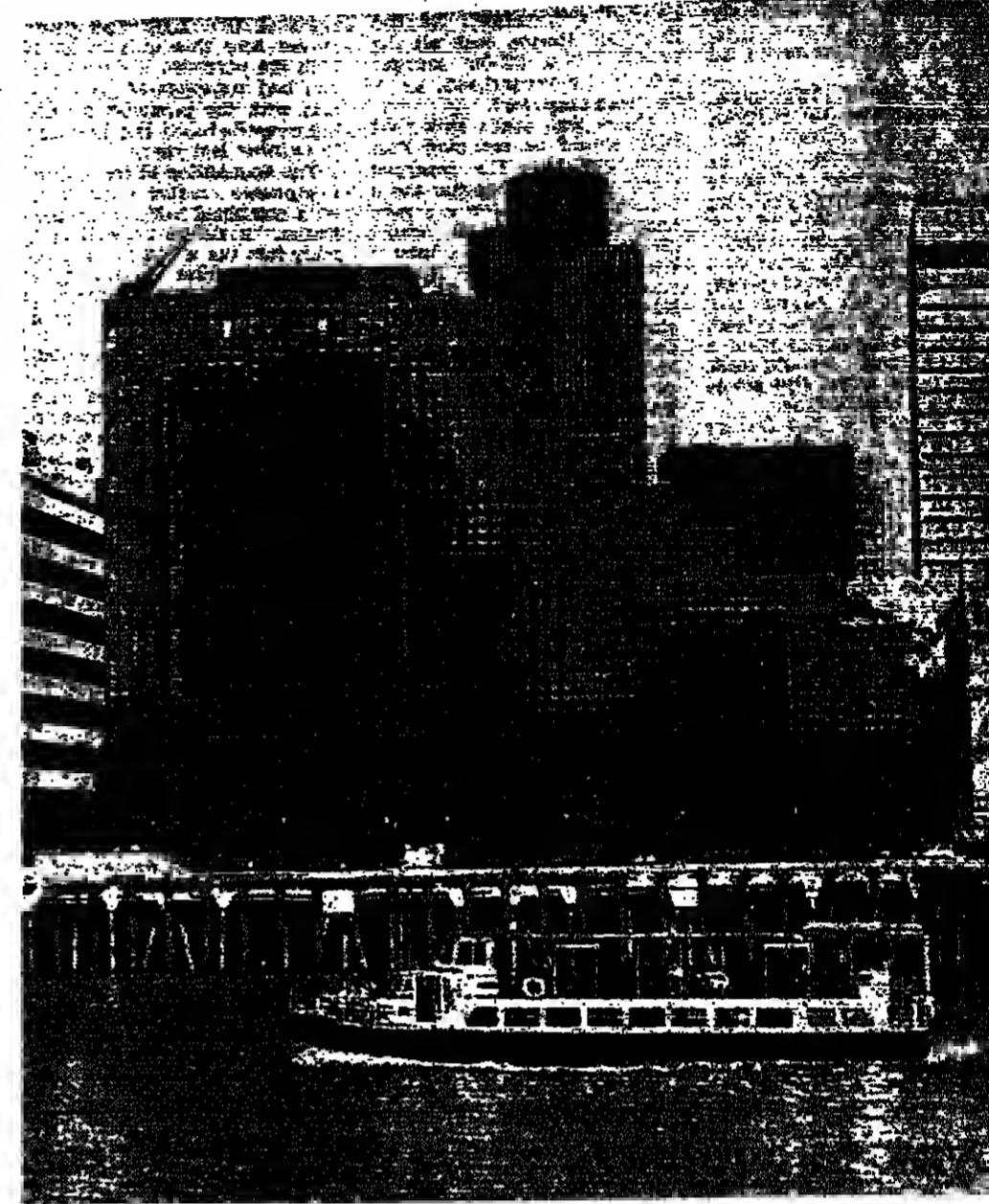
By Vanessa Houlder

BLADEN INDUSTRIES, the packaging, chemicals and industrial protective equipment group, yesterday announced a £11.5m rights issue and the acquisition of Rumford Consultants...

City's single asset experiment threatened by bid speculation

Clare Pearson and Paul Cheeseright on the Billingsgate approach

S&W BERISFORD, the diversified trading and industrial group which owns British Sugar, yesterday confirmed it had made an approach which might lead to an offer for the preferred share capital of Billingsgate City Securities...



Billingsgate City Securities' only asset is Midland Montagu House, headquarters of Midland Bank's merchant banking and stockbroking operations...

Ross Consumer expands range

By Clay Harris

ROSS CONSUMER Electronics, the audio equipment and radio distributor, is to broaden its consumer range to include mini-television sets, clock radios, telephones and other "electronic lifestyle products..."

Mr Fisher and Mr Pettit have been granted options which will entitle them to the lower of 15 per cent of the group's enlarged share capital...

USM-quoted company on September 22. The subsidiary will take over Ross's radio division...

Bardsey up 90% in first half

CONTINUED STRONG performance in the core businesses enabled Bardsey to show a substantially increased profit for the first half of 1988...

obtained from greater efficiency of manufacturing and a rise in volumes. The progress was expected to continue and confidence was reflected in the decision to return to paying interim dividends...

RCF Tools (distribution) increased sales in every sector of the marketplace, while the response to the new range of Rabone Chesterman (manufacturing)...

The cash position was satisfactory and the group was operating well within its facilities.

R M Douglas buys Scottish quarrying and surfacing group

By Andrew Taylor

RM Douglas Asphalt & Paving, road surfacing subsidiary of Robert M Douglas, construction group, has acquired Town and Country Tarvape Contractors, Edinburgh-based sand quarrying and road surfacing company...

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corres. dividend, Total year, Total last year.

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. % Capital increased by rights and/or acquisition issues.

BOARD MEETINGS

Table with columns: Company Name, Date, Director Name.

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. It does not constitute an invitation to the public to subscribe for, or purchase, any securities...

Brent Chemicals International PLC advertisement featuring a logo and text about share offerings and company details.

Plasmec more than doubles in first half

Plasmec saw its growth rate accelerate in the first half of 1988 with profits for the period more than doubling to £436,000, against £206,000.

Geevor \$0.25m acquisition

Geevor, the mining company, is paying \$250,000 for 5 per cent of Nor-Quest (Western), a wholly-owned subsidiary of Nor-Quest Resources of Vancouver...

COMPANY NEWS IN BRIEF

BANRO INDUSTRIES: Wagon Industries has announced that at the end of trading on August 15 it had received acceptances in respect of 15.5m ordinary (\$7.49 per cent) and 272,786 preferential shares (88.86 per cent)...

Fleming Mercantile rises

EARNINGS for the six months ended July 31 1988 at Fleming Mercantile Investment Trust rose from 2.1p to 2.51p, and the interim dividend is lifted from 1.6p to 1.66p.

Dutch growth for Hillsdown

Hillsdown Holdings, food, furniture and property group, is continuing to add to its Dutch interests with the £1.5m (£2.5m) acquisition of a meat processing company based in Veldhoven.

Brent Chemicals £12m pref placing

Brent Chemicals International yesterday placed £12m in 20-year cumulative redeemable preference shares. Issued at 101.092p, the issue pays 9 per cent net; the dividend was struck to yield 2.15 percentage points above the gross redemption yield on Treasury 13 1/4 per cent 2004-08 at 5pm yesterday. The issue was announced on July 21.

Setback at Meat Trade Suppliers

Meat Trade Suppliers finished the year ended April 2 1988 showing a drop in profit from £137,285 to £98,820. Turnover fell to £4.27m (\$5.69m), reflecting in part the closure of Darlington in September 1987. The drop in profit was mainly attributable to butchers reducing their purchases from the company over the past three years.

CORRECTION

EFT Group reported earnings per share in the six months to June 30 of 1.56p before realised gains on its investment portfolio. Yesterday's edition incorrectly stated that the earnings figure was after realised gains.

LBH increases New Tokyo stake

London & Bishopsgate Holdings, in which Mr Robert Maxwell owns 75 per cent of the ordinary shares, has increased its interest in New Tokyo Investment Trust from 15 per cent to 22.16 per cent.

Real estate advertisement for Paul Colour Residential Property Advertising.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trade figures hit dollar

THE DOLLAR weakened on the foreign exchanges yesterday, but bounced off its low point of DM1.8600 against the D-Mark, touched soon after publication of worse than expected June US trade figures.

It edged higher in quiet European trading, to close at DM1.8720, compared with DM1.8810 on Monday.

The market was quiet, ahead of the US trade news, with the only sign that the trade figures might disappoint coming from Singapore, where there was a move to sell the dollar.

Currency markets suddenly came alive as the dollar fell sharply when it was announced the June trade deficit was \$12.54bn. This compared with forecasts of around \$11.5bn, with many economists believing there was more chance of a low deficit than a high one.

The result was therefore regarded as particularly disappointing, and there was little consolation for the US currency on the downward revision in the May deficit to \$9.78bn from \$10.98bn, even though this was the lowest level since a gap of \$8bn in December 1984.

Breakdown of the July figures also failed to provide any good news for the dollar. US exports fell 2.4 p.c., and imports rose 5.7 p.c.

The only good news for the dollar was that US industrial capacity use was 83.5 p.c. in July, compared with 83.1 p.c. in June, and 82.9 p.c. in May.

This helped spark a late recovery, but the dollar still finished weaker on the day. A level of DM1.86 remains an important support point for the dollar, and if this is breached it has been suggested there is little to prevent a fall to DM1.83.

After yesterday's figures there is growing speculation that last week's level of around DM1.82 will prove a near term peak for the dollar.

FINANCIAL FUTURES

Gilts end near day's peak

LONG GILT futures closed towards the day's peak on Liffe, as US Treasury bonds recouped early losses in Chicago.

US bonds recovered, as the dollar moved off lows touched on disappointing US trade data. Burying of bonds was encouraged by yields of around 9.50 p.c.

September long gilts on Liffe closed at 94-15, after touching 94-17, and were only slightly below Monday's finish of 94-18.

A repayment of £1.69bn in the July UK public sector borrowing requirement was much higher than expected, and compared with only £1.07bn in June.

The market's reaction appeared to be somewhat perverse however, with gilts falling on the news.

Dealers explained that this reflected continuing concern about UK economic growth. The higher than forecast PSBR surplus was largely because of increased tax revenues, indicating that the growth rate remains strong.

Short sterling futures closed unchanged, and were also around the day's peak.

On the other hand the pound rose 65 points to \$1.7190, and according to the Bank of England, sterling's exchange rate index rose 0.1 to 77.1.

UK figures on the July PSBR surplus were surprisingly good, but had no impact, and there was no other news to influence sterling yesterday, as the market waits for tomorrow's money supply and bank lending figures before deciding the immediate fate of the currency.

EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, Rate, % change, % change against DM. Includes entries for Belgium, France, Germany, Italy, Netherlands, Spain, UK, etc.

STERLING INDEX

Table with columns: Index, % change, % change against DM. Includes entries for Sterling, US Dollar, Japanese Yen, etc.

CURRENCY RATES

Table with columns: Currency, Rate, % change. Includes entries for Sterling, US Dollar, Japanese Yen, etc.

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, % change. Includes entries for Sterling, US Dollar, Japanese Yen, etc.

OTHER CURRENCIES

Table with columns: Currency, Rate, % change. Includes entries for Australian Dollar, Canadian Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change. Includes entries for US Dollar, Japanese Yen, etc.

MONEY MARKETS

Pressure eases

INTEREST RATES eased slightly in London, on publication of the US trade figures. News that the US deficit was worse than expected took the pressure off UK interest rates.

As the pound rose against a weakening dollar, three-month sterling interbank eased to 11 1/2 p.c., from 11 1/4 p.c. The three-month rate remained unchanged.

There is no expiring agreement this week, but the banking system is short of credit, after the Bundesbank failed to fully replace last week's maturing pact when it added only DM17.5bn to liquidity, against a maturity of DM18.5bn.

FT LONDON INTERBANK FIXING

Table with columns: Term, Rate, % change. Includes entries for 3 months US Dollars, 6 months US Dollars, etc.

MONEY RATES

Table with columns: Term, Rate, % change. Includes entries for Treasury Bills, etc.

CURRENCY FUTURES

Table with columns: Contract, Rate, % change. Includes entries for Liffe Long Gilts, etc.

FINANCIAL FUTURES

Table with columns: Contract, Rate, % change. Includes entries for Liffe Long Gilts, etc.

FINANCIAL FUTURES

Table with columns: Contract, Rate, % change. Includes entries for Liffe Long Gilts, etc.

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FINANCIAL FUTURES

Table with columns: Contract, Rate, % change. Includes entries for Liffe Long Gilts, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, % change. Includes entries for Gold C, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, % change. Includes entries for Gold C, etc.

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EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, % change. Includes entries for Gold C, etc.

WALL STREET REPORT

FT Cityline Wall Street Report is compiled with all the expertise and authority you would expect from the Financial Times. The report is updated hourly from when the market opens, up to and including a closing market report at 10.00pm (London Time).

For direct access to the Wall Street Report dial 0898 123020.

It's just one of 28 Financial Reports available from FT Cityline. To find out what other reports are available ring the Index of FT Cityline on 0898 123099 or, for an introduction to the complete service ring 0898 123456.

All calls charged at 38p per minute (peak and standard rate) and 25p per minute (cheap rate), including VAT.

Straight to the heart of the City.

FINANCIAL TIMES GUIDE TO INVESTMENT TRUSTS

Investment trusts are one of the best kept secrets of the investment world. This guide has been written to dispel the mystique and provide the investor with clear and concise information on how to move into and maximise the advantages of this long-established sector of the investment industry.

Highly illustrated with tables and graphs, the book gives a step-by-step guide to the various options available for the investor: it explains complexities such as discounts and warrants, and gives guidance on how to choose and how to buy shares in an investment trust.

Contents include: What is an investment trust? How an investment trust works? Investment trusts versus unit trusts? How to buy investment trust shares? The different types of investment trust? The different ways of investing? Split capital investment trusts? Warrants? Choosing an investment trust? The managers? Reading the charts and ratios? Reading the reports and accounts? Where to go for information? Savings schemes for the small investor? Takeovers? Glossary? Index.

Published August 1988

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Name: Company: Address: Tel. No: Wrexham, Britain's High-Tech DEVELOPMENT AREA

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr Managers, Alpha Unit Trusts, and others, with columns for name, manager, and other details.

Table listing unit trusts including Andersons Unit Tr Managers, Anthony Winder Unit Tr Managers, and others.

Table listing unit trusts including Broomfield & Co Ltd, British Life Unit Tr Managers, and others.

Table listing unit trusts including Equitable Unit Tr Managers, Fidelity Unit Tr Managers, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO.

JOTTER PAD: A crossword puzzle grid with numbers 1 through 31.

CROSSWORD

Crossword puzzle grid with numbers 1 through 31.

- 1 A fraction too slow for a place? (6)
2 An editor fiddled when on an allowance? (6)
3 Resident is at home with his wife? (6)
4 Order out in test given to university students? (6)
5 A show that will flop in the country? (6)
6 It's always torn out with great respect? (3)
7 Married mid-week? (3)
8 Took orders? (6)
9 Needs to set points out? (7)
10 Delay by putting the date in wrongly? (6)
11 Possessed by some object? (3)
12 A girl's in distress, they may be around for protection? (6)
13 A fighting man, I go to join up? (6)
14 Young female accompanist? (6)
15 Make things fast with a cog-wheel? (6)
16 An outthrust in which there's warmth - just in case? (6)
17 A girl's in distress, they may be around for protection? (6)
18 False story about the ring-leader produces bad feeling? (6)
19 Superior tram? (2-6)
20 Visibly in tears? (8)
21 Made to smile by a thought? (6)

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is based on the information provided to us by the unit trusts.

Table listing unit trusts including Gannett & Co Ltd, Gannett & Co Ltd, and others.

FT UNIT TRUST INFORMATION SERVICE

Handwritten note: "ملا ما لول"

Main table containing unit trust information with columns for Name, Price, and Yield. Includes sub-sections for 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Table listing insurance-related unit trusts with columns for Name, Price, and Yield.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts with columns for Name, Price, and Yield.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Company Name	Unit Price	Offer Price	Yield %	Dividend	Company Name	Unit Price	Offer Price	Yield %	Dividend	Company Name	Unit Price	Offer Price	Yield %	Dividend					
Phoenix Assurance Co Ltd	100.00	100.00	4.5	4.5	Shield Assurance Ltd	100.00	100.00	4.5	4.5	San Life of Canada (UK) Ltd	100.00	100.00	4.5	4.5	Griffith Financial Services Ltd	100.00	100.00	4.5	4.5
Prudential Assurance Co Ltd	100.00	100.00	4.5	4.5	Standard Life Assurance Co Ltd	100.00	100.00	4.5	4.5	Swiss Life Assurance Ltd	100.00	100.00	4.5	4.5	UK Financial Services Ltd	100.00	100.00	4.5	4.5
Prudential Assurance Co Ltd	100.00	100.00	4.5	4.5	Standard Life Assurance Co Ltd	100.00	100.00	4.5	4.5	Swiss Life Assurance Ltd	100.00	100.00	4.5	4.5	UK Financial Services Ltd	100.00	100.00	4.5	4.5
Prudential Assurance Co Ltd	100.00	100.00	4.5	4.5	Standard Life Assurance Co Ltd	100.00	100.00	4.5	4.5	Swiss Life Assurance Ltd	100.00	100.00	4.5	4.5	UK Financial Services Ltd	100.00	100.00	4.5	4.5
Prudential Assurance Co Ltd	100.00	100.00	4.5	4.5	Standard Life Assurance Co Ltd	100.00	100.00	4.5	4.5	Swiss Life Assurance Ltd	100.00	100.00	4.5	4.5	UK Financial Services Ltd	100.00	100.00	4.5	4.5

MANAGEMENT SERVICES

Company Name	Unit Price	Offer Price	Yield %	Dividend
David M. Adams Personal Fin. Plng. Svc.	100.00	100.00	4.5	4.5
The Anson's Group PLC	100.00	100.00	4.5	4.5
Advisive Investment Services (Life & Pensions)	100.00	100.00	4.5	4.5
Advisive Investment Services (Life & Pensions)	100.00	100.00	4.5	4.5
Advisive Investment Services (Life & Pensions)	100.00	100.00	4.5	4.5

OFFSHORE AND OVERSEAS

Company Name	Unit Price	Offer Price	Yield %	Dividend
Blackstone Funds PLC	100.00	100.00	4.5	4.5
Bryan Wells & Partners Ltd	100.00	100.00	4.5	4.5
Carson Law & Company Ltd	100.00	100.00	4.5	4.5
Chase de Vere Investments Ltd	100.00	100.00	4.5	4.5
Chase de Vere Investments Ltd	100.00	100.00	4.5	4.5

UK LISTED

Company Name	Unit Price	Offer Price	Yield %	Dividend
Affiliated Overseas International Fund Mgmt.	100.00	100.00	4.5	4.5
Affiliated Overseas International Fund Mgmt.	100.00	100.00	4.5	4.5
Affiliated Overseas International Fund Mgmt.	100.00	100.00	4.5	4.5

OFFSHORE INSURANCES

Company Name	Unit Price	Offer Price	Yield %	Dividend
Alliance International Assurance Ltd	100.00	100.00	4.5	4.5
Alliance International Assurance Ltd	100.00	100.00	4.5	4.5
Alliance International Assurance Ltd	100.00	100.00	4.5	4.5

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds and bonds with columns for Name, Price, Yield, and other financial metrics.

Table of Money Market Trust Funds and Money Market Bank Accounts listing various financial products with columns for Name, Price, Yield, and other financial metrics.

UNIT TRUST NOTES
Prices are in pence unless otherwise indicated and these represent 5 units per profit review to 31.08.88. Yield % is based on the last dividend date for all units except...

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, and % Change. Includes companies like IBM, Microsoft, and General Electric.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and % Change. Includes companies like Alcan, Inco, and Northern Telecom.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for Stock, Price, and % Change. Includes companies like Citicorp and Citicredit.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, and % Change. Includes companies like Heineken and Carlsberg.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, and % Change. Includes companies like ICI and Shell Chemicals.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, and % Change. Includes companies like Debenhams and Debenhams.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, and % Change. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, and % Change. Includes companies like British Energy and British Energy.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, and % Change. Includes companies like BAE Systems and BAE Systems.

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Table listing engineering stocks with columns for Stock, Price, and % Change. Includes companies like BAE Systems and BAE Systems.

ENGINEERING - Contd

Table listing engineering stocks with columns for Stock, Price, and % Change. Includes companies like BAE Systems and BAE Systems.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks with columns for Stock, Price, and % Change. Includes companies like Unilever and Unilever.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for Stock, Price, and % Change. Includes companies like Whitbread and Whitbread.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial stocks with columns for Stock, Price, and % Change. Includes companies like British Airways and British Airways.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial stocks with columns for Stock, Price, and % Change. Includes companies like British Airways and British Airways.

INDUSTRIALS (Miscel.) - Contd

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INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial stocks with columns for Stock, Price, and % Change. Includes companies like British Airways and British Airways.

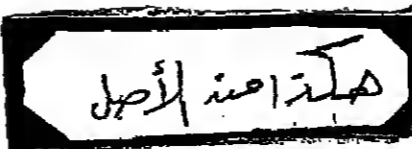
INSURANCES

Table listing insurance stocks with columns for Stock, Price, and % Change. Includes companies like Prudential and Prudential.

LEISURE

Table listing leisure stocks with columns for Stock, Price, and % Change. Includes companies like British Airways and British Airways.

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LONDON SHARE SERVICE

LEISURE - Contd. Table listing various leisure companies like Leisure Group, Leisure Properties, etc.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper and printing industry.

TEXTILES - Contd. Table listing textile companies.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing mining companies.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies.

PROPERTY. Table listing property-related companies.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

OVERSEAS TRADERS. Table listing overseas trading companies.

MISCELLANEOUS. Table listing various miscellaneous companies.

Commercial Vehicles. Table listing commercial vehicle companies.

PROPERTY. Table listing property-related companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

FINANCE, LAND, ETC. Table listing finance, land, and other companies.

PLANTATIONS. Table listing plantation companies.

THIRD MARKET. Table listing third market companies.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PROPERTY. Table listing property-related companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

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NOTES. Stock Exchange dealing classifications are indicated to the right of the company name. A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

REGIONAL & IRISH STOCKS. The following is a selection of regional stocks, the latter being quoted in Irish currency.

TRADITIONAL OPTIONS 3-month call rates. Table listing traditional options and call rates.

A selection of Options traded in the London Stock Exchange. Table listing various options.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Tuesday August 16 1988, and various stock indices.

FIXED INTEREST

Table with columns: PRICE INDICES, AVERAGE GROSS REDEMPTION YIELDS, and various interest rates.

RISES AND FALLS YESTERDAY

Table showing rises and falls in British Funds, Corporations, and other sectors.

LONDON RECENT ISSUES

Table listing recent issues in equities, including company names and prices.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for issue price, amount paid, and closing price.

RIGHTS OFFERS

Table listing rights offers for various companies, including issue price and closing price.

TRADITIONAL OPTIONS

Table listing traditional options with columns for first dealings, last dealings, and settlement dates.

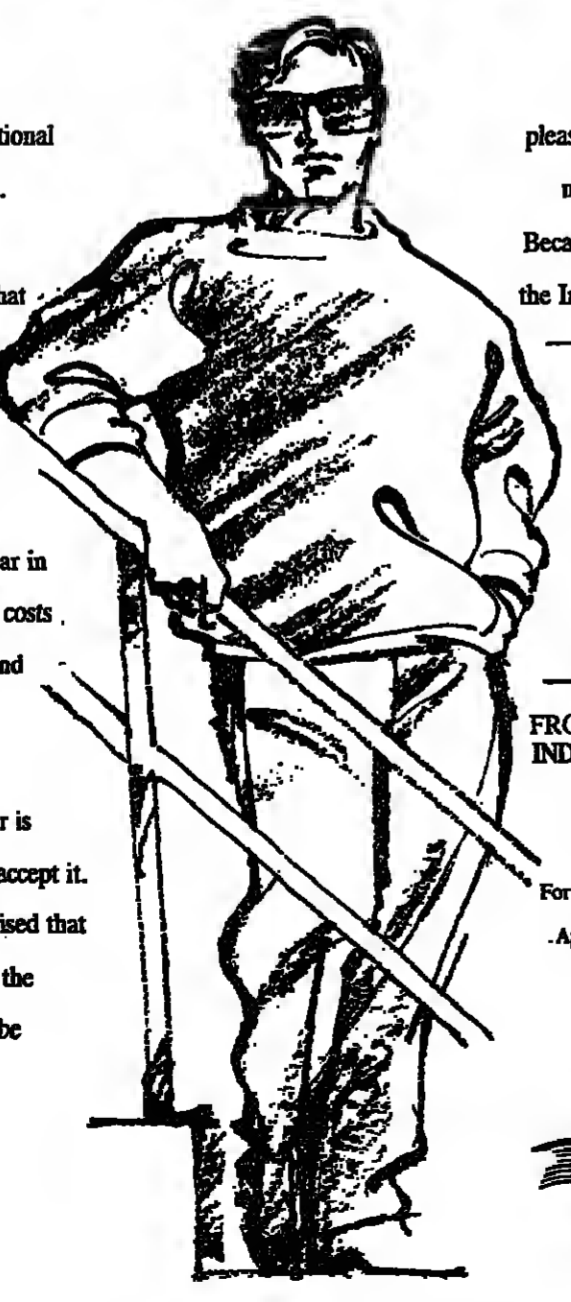
LONDON TRADED OPTIONS

Large table listing London traded options, including call and put options for various companies.

Exhibitions

THE INDIANS ARE COMING.

To the Men's International Fashion Week, Cologne. Meet them. And meet the country that tripled its garment exports in just five years.



pleased when the final products match any standard you set. Because if they couldn't do that the Indians wouldn't be coming.

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For further information on Apparel Exports from India, write to: Apparel Export Promotion Council...



Company Notices

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MURRAY JAPAN GROWTH, SICAV Registered Office: Luxembourg, 14, rue Aldringen

MURRAY PACIFIC GROWTH, SICAV Registered Office: Luxembourg, 14, rue Aldringen

MURRAY AMERICAN GROWTH, SICAV Registered Office: Luxembourg, 14, rue Aldringen

Legal Notices No. 36 of 1988 IN THE CHESHAMBOURGH COUNTY COURT

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Exhibitions SOTHEBY'S 1 St. George Street, London W.1. (01) 493 8080.

Public Notices

PUBLIC NOTICE A meeting will be held on Thursday, September 8, 1988 beginning at 10:00 am on the fifth floor of the headquarters of the Air Transport Association...

Motor Cars

CONTRACT HIRE & LEASING Offer the following 'F' Reg'd vehicles for immediate delivery. BMW 520i Black/Anthracite, Good spec.

THE NETHERLANDS

The Financial Times proposes to publish this survey on: 10th October 1988 For a full editorial synopsis and advertisement details, please contact: Richard Willis Amsterdam

LONDON STOCK EXCHANGE

Rally in equities fails to convince

THE SHAKEOUT of the previous session proved something of a boon to the London securities markets yesterday, helping both Gilt-edged and equities to hold up in the face of the unsettling news of an increased US trade deficit.

The month's PSBR surplus of £1.7bn was well beyond market estimates and was regarded as further evidence of a strongly growing economy and of the absence of Government funding pressures - both disturbing for Gilt-edged.

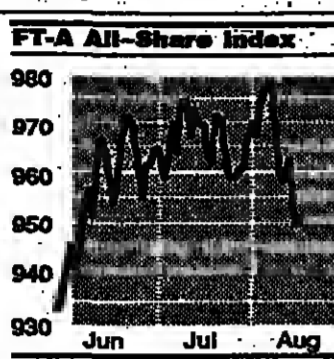
At the close, the FT-SE index showed a net gain of 8.5 points at 1825.3, which perhaps overstated the recovery in market confidence. Traders said there was little sign of significant support from the US for the rise in London's blue chip stocks which prompted the improvement in the FT-SE index.

Domestic economy, with tomorrow's disclosure of the July money supply figures likely to set the pace. Government bonds were unsettled at the opening of the London money markets, where short-term rates continued to move higher, threatening another increase in UK base rates if present trends continue.

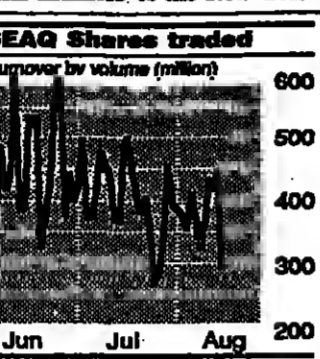
US trade in Blue Arrow

TRADING volume in Blue Arrow, the recruitment agency group, slackened to 10m shares following two sessions of extremely heavy volume, and the share price rallied 4 to 52p as investors puzzled over the activity of the previous day.

Account Opening Dates table with columns for Account No., Date, and Status.



240p and 248p in a volume of 5.1m. The partly-paid held at 58p despite a 17m share turnover, after reports that the Government of Kuwait, holder of a 21.7 per cent stake in BP, said in a filing with the US Securities and Exchange Commission that it may sell some of its shares.



per cent below his estimate for the FT-A500 - which is very modest for a group whose EPS is set to grow by 20 per cent for the third year in succession. The dominance of Scottish & Newcastle (S&N) over other Brewer issues showed no sign of abating with the shares surging forward 15 more to 364p and volume reaching an impressive 5.3m shares. A good deal of the business again went through the IB (inter-dealer broker) screens. Several large trades were reported, leading the market in little doubt of a stake-building or warehousing operation. But the source of the demand was difficult to identify because the buying was spread across a number of houses.

be interested in the rumours that HMS Media Service, West Germany's largest independent, is looking for European partners with 1992 in mind. A dull market recently, Satchel shares recovered 7 to 355p.

International stocks traded nervously until Wall Street appeared to bring outside the last US trade deficit. Dealers reported an extremely low level of interest again but one leading trader said, "the market certainly feels a lot better." Glaxo, down to 940p at one stage, rallied to settle 7 firmer on the day at 951p, while ICI fluctuated narrowly before ending 9 better at 1029p.

Hanson popular

Activity expanded in Hanson, the international conglomerate, following the sale of the fire protection interests of Kidde to Pilgrim House, formerly known as RHP Group, for £253.8m. Hanson shares were briskly traded (volume amounted to just over 5m) and closed a shade easier on the day at 137 1/2p.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various stocks in 1988, including company names and prices.

Chairman for Cunard

Mr Dermot McDermott, TRAFALGAR HOUSE group financial director, will be chairman of Cunard Line on October 1, with responsibility for the group's leisure division (passenger shipping and hotels). He will be based in the US, while remaining an executive director of Trafalgar House.



Mr Dermot McDermott

Securities post at Midland

Mr Kerry Alberti has been appointed securities services director, MIDLAND GROUP operations, a sector which has responsibility for all banking operations throughout the group, in support of Midland UK Banking and Midland Montagu. It is under the direction of Mr Gene Lockhart, chief executive group operations.



Mr Kerry Alberti

ELDER'S FINANCE GROUP

UK has appointed Mr Simon Hampshire as the London-based manager of the international financial futures and options group (IFFO). He will be responsible for European marketing, and will liaise with Elders US operations. His activities will complement those of Mr R. Sean Lapp who has been appointed overall manager of the IFFO group. Mr Hampshire was a dealer at the Australian and New Zealand Bank in London. Elders Finance Group is a part of Elders IGL, an Australian-based company.

SHEARSON LEHMAN HUTTON INTERNATIONAL

London has appointed Mr Gerald Holtzman as chief international economist. He joins from Credit Suisse First Boston. Mr Stuart McLean has been appointed head of UK and European research.

ASSOCIATED BRITISH CONSULTANTS GROUP

a building and civil engineering consultancy, has appointed Mr Michael Lawrence as financial director. He joins from Carless, Capel & Leonard, where he was group chief accountant and corporate treasurer.

Dr Philip Morgan, head of Warburg Securities

of research team, will join SBCI SAVORY MILLIN, Swiss Bank Corporation investment banking group, on September 12. Prior to joining Warburg Securities, Dr Morgan was with British Petroleum for over ten years.

EXCESS INSURANCE GROUP

has appointed Mr Chris Hill as motor manager, London and Edinburgh Insurance Co.

FINANCIAL TIMES STOCK INDICES

Table showing financial times stock indices for various categories like Government Secs, Fixed Interest, Ordinary, Gold Mines, etc., with columns for Aug 16, Aug 15, Aug 12, Aug 11, Aug 10, Aug 9, and Year.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, listing stock names and their respective trading volumes.

Speculation inevitably revived that the publishing group was contemplating the sale of its Blackfries Oil subsidiary and AN shares closed 15 up at 528p. Oils were boosted by a recommendation from Hoare Govett, the securities house, which says, "we believe the year-long bear market in the majors is drawing to a close and investors should be looking to buy BP, Royal Dutch and Shell with the objective of moving to an overweight 10 per cent position".

MORGAN GRENFELL

Large advertisement for Morgan Grenfell Unit Trusts, featuring the company name in large letters, a list of trust names (UK Equity Income Trust, American Growth Trust, European Growth Trust, International Growth Trust), and contact information (CALLFREE 0800-282465).

COMMODITIES AND AGRICULTURE

Use of gold in coins falls 15%

By Kenneth Gooding, Mining Correspondent
A SUBSTANTIAL fall in the use of gold in coins in the 10 years is spotlighted in a report by the Gold Institute...

Soviet Union details oil exports

By Steven Butler
THE SOVIET Union has issued details showing crude oil exports last year rose by nearly 200,000 barrels a day...

Sahel mobilises to repel locust invasion

Nicholas Woodworth on the insect clouds gathering at Africa's other 'front line'

THEY CALL themselves African front-line states but the border they apprehensively survey lies to the north rather than the south...



OCLALAV states membership payments became irregular or dried up. A controversy over use of dieldrin, a chemical insecticide, has limited control techniques effectiveness...

Australian gold output last year 'rose fastest'

AUSTRALIA'S GOLD output last year rose at a faster rate than that of any other leading world producer...

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's price in brackets)
ANTIMONY: European free market 99.6 per cent...

Think-tank calls for curb on US food aid to Third World

By Nancy Dunne in Washington

THE US food-aid programme should be phased out because it is depressing Third World food output...

for poor countries to feed themselves in the long run. It says the US aid programme...

year, the report says. It criticises US aid programme. It says the US aid programme...

Growers say floods hit Pakistani cotton output

By Christine Lamb in Islamabad

THE HEAD of Pakistan's growers' association said recent heavy rains destroyed much of the cotton crop...

corporation made huge profits by paying far below the international market price as well as misappropriating...

Canberra lifts grain crop forecasts after good rains

By Chris Sherwell in Sydney

FORECASTS FOR Australian grain output have been revised upwards following good winter rains in the cereal belt...

WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns: Commodity, Price, Change. Includes Zinc, Copper, Lead, Tin, Nickel, Aluminium, Silver, Gold, Platinum, Palladium, Wheat, Barley, Rice, Soyabean, Sunflower, Copra, Palm Oil, Rubber, Cotton, Wool, Hides, Skins, Feathers, Pearls, Diamonds, Jewellery, Precious Metals, Gemstones, Furs, Antiques, Collectibles, Art, Music, Books, Comics, Toys, Games, Hobbies, Sports, Leisure, Entertainment, Fashion, Home, Garden, Pets, Health, Beauty, Food, Drink, Travel, Transport, Insurance, Finance, Law, Education, Religion, Culture, Society, Politics, Environment, Science, Technology, Innovation, Research, Development, Industry, Commerce, Retail, Wholesale, Distribution, Logistics, Supply Chain, Manufacturing, Construction, Real Estate, Energy, Utilities, Telecommunications, Media, Advertising, Marketing, Sales, Customer Service, Support, Maintenance, Repairs, Replacement, Refurbishment, Restoration, Renovation, Remodelling, Redevelopment, Rebuilding, Reconstruction, Rebuilding, Reconstruction, Rebuilding, Reconstruction...

COCOA

Table with columns: Commodity, Price, Change. Includes Cocoa Beans, Cocoa Butter, Cocoa Powder, Cocoa Paste, Cocoa Liquor, Cocoa Beans, Cocoa Butter, Cocoa Powder, Cocoa Paste, Cocoa Liquor...

LONDON METAL EXCHANGE

Table with columns: Commodity, Price, Change. Includes Aluminium, Copper, Lead, Tin, Nickel, Zinc, Silver, Gold, Platinum, Palladium, Wheat, Barley, Rice, Soyabean, Sunflower, Copra, Palm Oil, Rubber, Cotton, Wool, Hides, Skins, Feathers, Pearls, Diamonds, Jewellery, Precious Metals, Gemstones, Furs, Antiques, Collectibles, Art, Music, Books, Comics, Toys, Games, Hobbies, Sports, Leisure, Entertainment, Fashion, Home, Garden, Pets, Health, Beauty, Food, Drink, Travel, Transport, Insurance, Finance, Law, Education, Religion, Culture, Society, Politics, Environment, Science, Technology, Innovation, Research, Development, Industry, Commerce, Retail, Wholesale, Distribution, Logistics, Supply Chain, Manufacturing, Construction, Real Estate, Energy, Utilities, Telecommunications, Media, Advertising, Marketing, Sales, Customer Service, Support, Maintenance, Repairs, Replacement, Refurbishment, Restoration, Renovation, Remodelling, Redevelopment, Rebuilding, Reconstruction, Rebuilding, Reconstruction, Rebuilding, Reconstruction...

US MARKETS

Table with columns: Commodity, Price, Change. Includes Wheat, Corn, Soyabean, Sunflower, Copra, Palm Oil, Rubber, Cotton, Wool, Hides, Skins, Feathers, Pearls, Diamonds, Jewellery, Precious Metals, Gemstones, Furs, Antiques, Collectibles, Art, Music, Books, Comics, Toys, Games, Hobbies, Sports, Leisure, Entertainment, Fashion, Home, Garden, Pets, Health, Beauty, Food, Drink, Travel, Transport, Insurance, Finance, Law, Education, Religion, Culture, Society, Politics, Environment, Science, Technology, Innovation, Research, Development, Industry, Commerce, Retail, Wholesale, Distribution, Logistics, Supply Chain, Manufacturing, Construction, Real Estate, Energy, Utilities, Telecommunications, Media, Advertising, Marketing, Sales, Customer Service, Support, Maintenance, Repairs, Replacement, Refurbishment, Restoration, Renovation, Remodelling, Redevelopment, Rebuilding, Reconstruction, Rebuilding, Reconstruction, Rebuilding, Reconstruction...

Chicago

Table with columns: Commodity, Price, Change. Includes Wheat, Corn, Soyabean, Sunflower, Copra, Palm Oil, Rubber, Cotton, Wool, Hides, Skins, Feathers, Pearls, Diamonds, Jewellery, Precious Metals, Gemstones, Furs, Antiques, Collectibles, Art, Music, Books, Comics, Toys, Games, Hobbies, Sports, Leisure, Entertainment, Fashion, Home, Garden, Pets, Health, Beauty, Food, Drink, Travel, Transport, Insurance, Finance, Law, Education, Religion, Culture, Society, Politics, Environment, Science, Technology, Innovation, Research, Development, Industry, Commerce, Retail, Wholesale, Distribution, Logistics, Supply Chain, Manufacturing, Construction, Real Estate, Energy, Utilities, Telecommunications, Media, Advertising, Marketing, Sales, Customer Service, Support, Maintenance, Repairs, Replacement, Refurbishment, Restoration, Renovation, Remodelling, Redevelopment, Rebuilding, Reconstruction, Rebuilding, Reconstruction, Rebuilding, Reconstruction...

New York

Table with columns: Commodity, Price, Change. Includes Wheat, Corn, Soyabean, Sunflower, Copra, Palm Oil, Rubber, Cotton, Wool, Hides, Skins, Feathers, Pearls, Diamonds, Jewellery, Precious Metals, Gemstones, Furs, Antiques, Collectibles, Art, Music, Books, Comics, Toys, Games, Hobbies, Sports, Leisure, Entertainment, Fashion, Home, Garden, Pets, Health, Beauty, Food, Drink, Travel, Transport, Insurance, Finance, Law, Education, Religion, Culture, Society, Politics, Environment, Science, Technology, Innovation, Research, Development, Industry, Commerce, Retail, Wholesale, Distribution, Logistics, Supply Chain, Manufacturing, Construction, Real Estate, Energy, Utilities, Telecommunications, Media, Advertising, Marketing, Sales, Customer Service, Support, Maintenance, Repairs, Replacement, Refurbishment, Restoration, Renovation, Remodelling, Redevelopment, Rebuilding, Reconstruction, Rebuilding, Reconstruction, Rebuilding, Reconstruction...

Retailing

The Financial Times proposes to publish this survey on September 19th. For a full editorial synopsis and advertisement details, please contact Mark Jones on 01-243 8900 ext 3385 or write to him at: 13 Cannon Street, London EC3A 3DF

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WORLD STOCK MARKETS

Table of World Stock Markets including sections for Australia, Canada, Europe (Austria, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland), Japan, and South Africa. Each section lists various stocks with their prices and changes.

Table of Canada Stock Markets listing various Canadian stocks such as Alcan, Bell Canada, and others, along with their prices and market movements.

Table of Japan Stock Markets listing Japanese stocks including companies like Daiichi Kangaro, Daiwa, and others, with their respective prices and changes.

OVER-THE-COUNTER section featuring Nasdaq national market data, a list of over-the-counter stocks, and a 'Travelling on Business?' advertisement for the Hotel Cravat.

Table of Indices and New York Active Stocks. The top part shows various indices like the Dow Jones Industrial Average and Nikkei. The bottom part lists active stocks in New York with their prices and changes.

Large advertisement for 'Have your F.T. hand delivered in Belgium' by Financial Times. It includes details about the magazine's content, subscription information, and contact details for Brussels (02) 5132816.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3pm prices August 16

Main table containing stock prices, organized into columns with headers like '12 Month High', 'Low', 'Close', 'Open', 'Bid', 'Ask', 'Yield', 'Div.', 'Vol.', 'Pct. Chg.'. Includes a 'DOW JONES' section and a 'COMPOSITE' section.

Continued on Page 33

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NYSE COMPOSITE PRICES

Main table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'Continued from previous page' and 'Over-the-counter'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes.

OVER-THE-COUNTER

Large table of Over-the-Counter prices, including Nasdaq market data, with columns for stock symbols, prices, and changes.

Advertisement for Athens office: 'Have your F.T. hand delivered... every working day, if you work in the business centre of ATHENS'.

Advertisement for Paris office: 'Have your F.T. hand delivered in France... If you work in the business centres of ANTIBES, BORDEAUX, CANNES, GRENOBLE, LYON, MONACO, NICE, PARIS...'.

Advertisement for Geneva office: 'Have your F.T. hand delivered every morning in Switzerland... If you work in the business centre of BAAR, BASEL, BERNE, GENEVA, LAUSANNE, LUGANO, LUZERN, ST GALLEN...'.

